

**CREDIT  
and**

# FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY ★ FINANCE ★ COMMERCE



AS AUTOMOTIVE CREDIT ROLLS ALONG

February, 1953

Vol. 55, No. 2

See Page 5

# OPEN THAT DOOR!

## CREDIT AND FINANCIAL MANAGEMENT PRESENTS "RED LETTER" OPPORTUNITY

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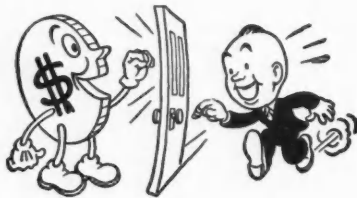
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Brains without tools are as useless as an army without weapons. Today's credit executive, with sights trained upon maximum business volume and profits, knows how much efficient office operation contributes to overall profit. As office manager in a large majority of companies, he also knows that up-to-the-minute equipment is essential to office efficiency.

*CREDIT AND FINANCIAL MANAGEMENT offers you an opportunity, with profit to yourself, to be of service to the profession. Write us a letter, based upon actual experience in your company, on the following topic:*

## HOW WE STREAMLINED OUR OFFICE BY INSTALLING MODERN EQUIPMENT

Tell how you overcame the handicap of struggling with obsolete equipment. Some suggestions:

- (1) How did you go about planning the new office layout? Why?
- (2) What types of new equipment did you install? Specify. (Give trade names and manufacturers' names).
- (3) How much did you spend on new equipment?
- (4) Describe the results achieved: (A) Estimated time saved; (B) Operating cost reduction (estimate); (C) Percentage improvement in overall efficiency; (D) New installations now under consideration.

Competitors must be subscribers to Credit and Financial Management. No office staff members of N.A.C.M. or other credit associations may compete.

Entries will be judged on (1) Clarity, (2) Completeness, (3) Practicability for adaptation by other companies. In case of tie, duplicate awards will be made.

All letters submitted become the property of Credit and Financial Management.

Entries must be postmarked not later than Feb. 3, 1953. Winners will be announced in the May issue of Credit and Financial Management. Winning letters will be published in May and succeeding issues.

Awards will be presented at the International Credit Convention in Montreal, Quebec, May 17-21.

Judges will be members of the Advisory Committee of Credit and Financial Management.

**On Your Mark! Get Set!! Write!!!**

Address your letter to **THE EDITOR:**

# CREDIT AND FINANCIAL MANAGEMENT

33 S. Clark St. (Room 1538)

Chicago 3, Illinois



# The "Cornwallis" House...

VETERAN OF THREE WARS



WHEN Lord Cornwallis came to Wilmington in April 1781, as his headquarters he requisitioned part of the finest dwelling in town, the home of Judge Joshua Grainger Wright. Although he stayed only two weeks, this fine old North Carolina mansion has ever since been known as the Cornwallis House. For many years initials scratched on a windowpane in the drawing room were reminders of the brief romance between a junior officer on Cornwallis' staff and one of Judge Wright's lovely daughters. By an amazing coincidence, a century later when a descendant of the Wright family was returning to Wilmington from a trip abroad, she met on shipboard a young Englishman who confided that he was making a pilgrimage to the Cornwallis House to see the initials which one of his ancestors had engraved on a window with his heavy diamond ring.



The house was built in 1771 by the wealthy John Burgwin, treasurer of the colony. When he went to England at the start of the Revolution he leased the house to Judge Wright who later purchased it.

The foundations were built on the site of the old town jail. In the dungeon beneath the house were confined many rebellious colonists who disobeyed the edicts issued by Cornwallis. According to local lore, leading from the dungeon to the Cape Fear River was a tunnel through which many persons escaped.

This gracious home of Southern aristocrats was used by armed forces in three wars: During the Revolution it was occupied by the British; in the War Between the States it quartered Federal officers after Wilmington had been captured by Union armies; and in World War II it served as an officers' club.

The Cornwallis House is now the headquarters of the North Carolina Society of the Colonial Dames of America. Authentically restored, it is open to the public through the society's generosity.

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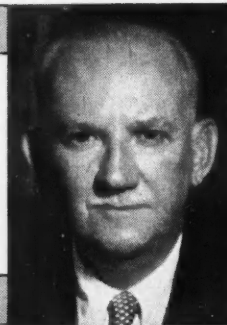
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# Editorial



## The Challenge We Face in 1953

**C**REDIT executives are trained to face realities. Although a new administration has just been installed in Washington and many in business have high hopes for improvement in general conditions, we must probably operate most of the current year under existing laws, tax levies, and regulations.

Cash is the item in the business balance sheets which will hold the interest of credit executives during this year. With the government exacting so much of every dollar that comes in and even requiring payment on an accelerated schedule, and with the low purchasing power of the inflated dollar, business executives will have to scramble for the cash needed for the normal operations or expansion plans of their companies.

*Aside from borrowings, the most important source of cash in any business is a quick conversion of its receivables. This year the responsibility of the credit manager is further increased. The current financing of his company will be reflected largely through his competency.*

To create receivables, business must produce and distribute goods or services. The distribution of goods can be increased through progressive credit management. Customers with marginal credit capacity can, through wise counsel, be made into good risks. The modern credit manager dislikes nothing more than to reject an order because of credit unworthiness. He plans and programs a customer policy, which, if accepted, converts a questionable credit account into an acceptable credit.

Never before in our business history has the responsibility of credit managers been so great. That they will discharge it well is my confident belief. This year of opportunity long sought for is a challenge they pridefully accept.

A handwritten signature in dark ink, reading "Henry H. Heimann". The signature is fluid and cursive, with a long, sweeping underline.

HENRY H. HEIMANN,  
Executive Vice President.



## THE FEBRUARY COVER

**MANAGEMENT** pools years of experience in the interest of one company when these two executives get together over a credit report. Here are Harold S. Vance (seated), board chairman and president of The Studebaker Corporation at South Bend, Ind., and Eugene V. Kidd, credit manager.

But for one year at Bethlehem Steel Company as a production



engineer, Mr. Vance's entire business career has been with Studebaker, and that began in 1910 as a mechanic's apprentice in the E-M-F machine shops in Port Huron, Mich., where he was born. He rose successively to assistant treasurer, purchasing agent and assistant to the vice president in charge of production.

Returning from Bethlehem Steel to become assistant to the president, three years later he was named export sales manager, and in 1923 general sales manager. Another three years and he was vice president in charge of manufacturing as well as member of the board, advancing to chairman in 1935.

When Paul G. Hoffman (now Ford Foundation head) left Studebaker to administer the Economic Cooperation Administration, Mr. Vance added the duties of president to the board chairmanship.

Mr. Kidd, who joined Studebaker for the express purpose of reorganizing the credit department and became assistant credit manager, advancing to credit manager in 1939, had started in the sales department of the Johns-Manville Corporation and later was with the Milwaukee Coke and Gas Company.

Turning to the motor industry, he became office manager of the Republic Motor Company, then credit manager, Detroit area, for Willys Overland. Thence to Studebaker.

**CREDIT  
and**

# FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY \* FINANCE \* COMMERCE

General Manager: Edwin B. Moran

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**EDITOR** Ernest A. Rovelstad

**ASSOCIATE EDITOR** Richard G. Tobin

**ADVERTISING & BUSINESS MANAGER** Edwin B. Moran

**ASSISTANT ADVERTISING MANAGER** M. M. Bradford

### ADVERTISING REPRESENTATIVES

Send copy and cuts to 33 So. Clark Street, Room 1538, Chicago 3, Ill.

Chicago, Ill.—Russell Smith, 205 West Wacker Drive, Phone: DEarborn 2-5091

New York and Eastern—Lawrence A. Audrain and Harold R. Preston, 17 W. 44th St., 7th Floor, New York 18, N.Y. Phone: MUrray Hill 2-7963

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# WASHINGTON



☐ **MANUFACTURERS** using small amounts of natural and synthetic rubber no longer need make monthly reports. The limits are 15,000 pounds of dry natural rubber and the same amount for GR-S synthetic types other than latex.

☐ **STARTING IN JULY** the U.S. Army will cut production of medium light and 2½-ton trucks. While closing several large plants, the program will mean only slower delivery, not a reduction in amounts of equivalent to be bought.

☐ **THIRTEEN PER CENT** of the D.P.A.'s \$31 million tin can production objective is set aside for small manufacturers.

☐ **ASBESTOS FABRICS** are not released from controls under the suspension order for textiles.

☐ **NEW FORMULAS** for distributors' adoption to determine the amount of aluminum they will use



per quarter, lighten the controls in this field. One formula permits receiving as much as they got in their average quarter of 1950. The other allows them as much as they obtained in the average quarter of the last half of 1952.

☐ **OUT THE WINDOW** went price controls on manufacturers of mechanical precision springs, metal stampings and screw machine products; that is, manufacturers having gross sales under \$25,000 annually.

☐ **PRICE CONTROLS** on custom-built electric organs were called off.

☐ **THERE WERE** 12,000 requests for wage increases and 3,000 appeals for price raises pending when Michael DiSalle, former price stabilizer, returned from the political wars to become economic stabilizer.

☐ **Joseph H. Freehill**, price stabilizer, named a committee to push action on applications for higher ceilings. Chairman Charles Killingworth of the wage stabilization committee said no new policies in that area were contemplated.

☐ **MANUFACTURERS** packaging overseas-bound products were given permission to add to ceilings the cost of special packing, handling and marking.

☐ **TEN MILLION DOLLAR** expansion for new plants and equipment to make essential medical supplies, by Jan. 1, 1955, is the goal set by the D.P.A.

☐ **PROCESSORS** of mixed nuts may raise ceiling prices to cover higher costs for imported nuts, such as cashews and Brazil nuts, O.P.S. decreed.

☐ **MANUFACTURERS** of brass mill and copper wire mill items were authorized retention of their price ceilings until April 1st.

☐ **BARRED** until the turn into this year, construction totaling \$250 millions in 1953 is predicted for theatres, playgrounds, country clubs, skating rinks and other amusement and recreation centers.

☐ **CEILINGS STAY** on cosmetics and toiletries. That was the O.P.S. reply to appeals for decontrol and suspension.

☐ **SHORTAGE** of steel scrap late this year still is a possibility, though inventories of such material held by mills and others are at a record high, says the N.P.A.

☐ **ABANDONED** by the O.P.S. were its hints that it would roll back retail prices on beef. The "conversion" followed a study of product on estimates for the year.

☐ **DOUGLAS FIR LOGS** of second growth, delivered to mills and sold in eight-foot lengths and by the cord, were given a \$17.50 ceiling price.

☐ **AUTHORIZED** was a ceiling price increase of 6.2 per cent for makers of malleable iron castings, according to industry earnings standard. Price rises in accordance with higher costs for the metals also were granted.

☐ **RESTAURANT PRICE** ceiling increases may be requested by proprietors who can show food or labor has cost them more than it did Feb. 9, 1952.

☐ **INCREASED** ceiling prices were decreed for producers of ferrochrome, ferrochrome silicon,

## Red Lies; No Certificate

*When the business agent of a local of the C.I.O. Packing House Workers in Camden, N.J., was adjudged by a federal court to have falsified a non-Communist affidavit, the collective bargaining certificate of the local was revoked by the N.L.R.B.*

chromium metal, ferrosilicon chrome and chrome-manganese-silicon alloys. The increase is three cents a pound for chrome contained in high carbon products, four cents in low carbon items.

☐ TWO PER CENT RAISE in ceiling prices is allowed makers of rolled figured, heat absorbing and wire glass, also increased costs for steel, aluminum and copper applying to these products.

☐ SECOND QUARTER allotment of steel for makers of autos, stoves, appliances and other civilian goods is 70 per cent of the amount they used in an average period before Korea. Output of autos can increase by 1,250,000 in the period as a result, the D.P.A. believes.

☐ APPLICATION for approval of revised price lists for use by resellers may be made by manufacturers of machinery and related manufactured goods only if the change makes no material increase of ceiling prices.

☐ SALES of women's hats by manufacturers, wholesalers and retailers have been removed from price controls.

☐ SUSPENSION or exemption of price controls on domestic sales of a product apply also to prices of the item for export, said O.P.S.

☐ USERS of steel, copper and aluminum controlled materials were given more flexibility in stocking these materials, by establishment of a "class-by-class" inventory system.

☐ INCREASE in labor charges to offset higher costs for labor was granted auto and farm equipment dealers operating repair services.

☐ ADDITIONAL DECONTROL decisions by the O.P.S. have become effective under General Overriding Regulation 14, Amendment 31 (Title 32A—National Defense, Appendix), by amendatory provisions in part as follows:

Subparagraph 47, paragraph (a), section 3, now reads:

(47) Pharmacists—registered, for filling prescriptions which require the services of a registered pharmacist, and which contain a physician's, dentist's, veterinarian's, or any other licensed practitioner's written (oral, if promptly reduced to writing) directions as to use, and is signed by him; provided, however, that where a registered pharmacist sells a product without transporting

the written directions from the prescription to the label, that is the sale of a commodity and is not exempt under this regulation.

Subparagraph 69, paragraph (a), section 3 amended to read: (69) Advertising agencies and those agencies that sell radio and television time.

Among new subparagraphs at the end of paragraph (a) of section 3: (118) travel agents and travel bureaus; (120) business consultants, traffic consultants; (122) better business bureaus; (123) collection agencies; (124) mercantile credit agencies and personal credit reporting and investigatory agencies including but not limited to credit bureaus; (126) removal of dead stock and animals by renderers; (127) nursing homes.

☐ EASED by the N.P.A. were restrictions on the use of steel, copper and aluminum in making repair parts for stoves, refrigerators, vacuum cleaners and similar consumer durables.

☐ AN OPTIONAL METHOD of calculating ceiling price increases by various uniform accounts, to cover higher costs for steel and aluminum, was authorized to manufacturers of bolts, screws, nuts and rivets.

☐ BUYERS of alloy products from melters or processors were instructed to certify they will not use scarce metals in violation of N.P.A. prohibitions on end uses.

☐ CEILING PRICE INCREASE of \$4 a ton at all processing points was given flaxseed feed processors.

☐ EXEMPTED from price controls were printing inks and certain preparations for ceramic glass coloring and decorating.

☐ REMOVED from price control: imported spices, seeds and herbs, where blended and packaged in the United States.

☐ REQUESTS for exemption of the shipping industry from provisions of the law requiring examination of profits of defense contractors were rejected by the Renegotiation Board.

☐ ESTIMATED 18.3 million tons of U.S. supply of by-product feedstuffs for 1952-53 is one-third million less than the 18.6 million consumption last season.

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**OFFICIAL TEXTS—of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.**

**THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25.**

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# TAXES—AIDS AND CAUTIONS

**O**NE BASIC solution awaits a strong hand, if the burden of crushing taxes is to be reduced—taxes which have driven some companies out of existence, are presenting a constant threat to many more, tricking others into faulty bookkeeping, and, finally, are feeding inflation. The solution lies in reduced Governmental expenditures.

These conclusions were unanimous in the opinions of participants in a panel at the Atlantic City Tri-State Conference, representing 12 associations of credit executives in New Jersey, New York and eastern Pennsylvania.

Three viewpoints—those of the manufacturer, the accountant and the banker—were brought out by the speakers, discussing "The Impact of Taxes on Credit, Collections and Profits." One executive called attention to a number of ways in which companies may obtain partial relief; each indicated the importance of counseling by credit officers to help their customers operate to best advantage; all posted danger signs on the edge of the quicksilver quagmires of tax policies and operations under the recent federal administrations.

Following is the gist of each address.

## Must Evaluate Effect of Tax Payment on Working Capital

**M. C. PRICE**, Moderator, Regional Manager of Credit and Accounting, The Sherwin-Williams Company, Newark.

**T**HERE'S a reason why customers ordinarily prompt pay, plead that payment of income tax has left them short of cash said Mr. Price, and it's up to the credit man to "train himself to evaluate the effect of income tax payments on working capital in cases where the latter is already insufficient."



M. C. PRICE

"Since taxes can be paid only with cash, not with accounts receivable or inventory, and because they must be paid on a specific date" (unless special arrangements have authorized a specified later date), "it behooves the credit grantor to be inquisitive when reviewing financial statements," Mr. Price warned.

"Income tax liability in many cases can mean the difference between a good current ratio and a medium or even poor one."

Recalling a recent case of involuntary bankruptcy, the speaker said that at first a good dividend to general creditors was expected from the assets. However, when the full

story of tax liability unfolded, it became extremely doubtful that anything would be left. Mr. Price cautioned that "the caption 'owing for taxes' should always be out in the open in the accounting records and showing as a debt of first importance."

*Mr. Price has been associated with The Sherwin-Williams Company since graduation from Ohio State University in 1927, excepting a brief period. After service in Cleveland and Wheeling he entered the home office, and was assistant credit manager until he succeeded F. J. Squires on the latter's transfer to Detroit as treasurer of Acme Quality Paints, Inc. Mr. Price was president of the Newark association three years ago.*

## Some Ways to Help Account Defer Taxes on His Income

**J. LEROY VOSBURG**, Member, Fernald & Company, Philadelphia.

**G**OVERNMENT itself recognizes the huge tax burden saddled upon business and has made some attempts to give relief, declared Mr. Vosburg, proceeding to examine several comparatively recent provisions.

Take the case of a corporation that had a good year in 1951 and



J. L. VOSBURG

**"The tax liability problem is complicated by lack of uniformity on balance sheets. Sometimes it isn't shown."—M. C. Price**

closed its tax period December 31st, so that a heavy instalment would be due the following March 15th. Comes a serious emergency such as a strike, fire or market collapse, making reasonably accurate the forecast the year will end with a sizable loss. "Section 3779 of the Internal Revenue Code provides for filing a special one-page statement, Form No. 1138, by which the time for payment can be extended" in such eventuality, Mr. Vosburg said.

"The corporation can then forget its tax bill until March 15th of the following year, when it will follow up the extension form by filing Form No. 1139. "After determination of the loss and of the carry-back, the corporation computes whether the estimate of loss was accurate. If tax still is owed, the balance must be paid with interest; if the Government owes him money it will be reported within 90 days.

If in a similar situation the corporation had not asked for deferment but waited for the year-end to learn it had a loss, and so is short of cash to pay bills, it may apply on Form 1139 for a tentative carry-back adjustment or "quick refund." This will be made within 90 days. However, Mr. Vosburg warned, "don't file unless you can substantiate your loss and unless your return will bear examination" for both prior and current year, because "interest and penalties will result if you have asked for too much money."

A loss may be spread over seven years, he noted, including the current and immediately prior year and five years in the future.

## Five Methods of Deferring Tax

Five methods cited to defer taxation of income, if cash capital needs are great for a particular type of business, are these:

(1) LIFO inventory ("Last in—first out"); (Turn to page 10)

# Government Has Provided for Some Relief, But Alert Reading of Balance Sheet Is Essential

**High Taxes Promote Inflation in Financing by More Debts**

**WILLIAM E. VOLLMER**, Treasurer, SKF Industries, Inc., Philadelphia:

**R**EMEMBER the pet argument of the apostles of deficit spending that high taxes are the siphon necessary to "prevent" inflation? Mr. Vollmer threw that philosophy back into their teeth with this: "The present tax law provides a means for greater inflation by transferring the purchasing power to the Government." He added that the "staggering expenditures can be cut by better planning and elimination of outright waste in the defense program, and at the same time by reducing Government expenditures for civilian projects."

He branded the excise profits tax a "drag tax" that penalizes business efficiency and growth, "places a premium on sitting back and saying, 'What's the use of producing more?'" and prevents reinvestment of earnings.

"Heavy tax payments, together with price inflation," he said, "have drained cash resources. Business has had to tie up greater amounts of cash in receivables and inventories, and since most of the profits from sales are paid out in taxes, there is not much opportunity to add to cash working capital. Therefore, business has had to finance largely through increased bank and trade debts."

Mr. Vollmer noted too the lengthening of collection period, sometimes as much as 10 to 15 per cent. Hence, where once the credit grantor could be lenient because he knew a substantial part of profits would be retained in the business, now he finds the tax load a very vital factor.

"The tax law embodies provisions in direct contrast to the sound credit policy of discouraging debt financing and encouraging equity financing,"



W. E. VOLLMER

## Tax Burden and Ways to Ease It

*"Income tax liability in many cases can mean the difference between a good current ratio and a medium or even bad one."*

*"In some cases tax liability is not shown on balance sheet."*

*"The caption 'owing for taxes' should always be out in the open in the accounting records."*

*"The Government itself has made some efforts to give relief."*

*Caution: "Interest and penalties will result if you have asked for too much money" (under "quick refund" provisions).*

*"Under some circumstances money can actually be borrowed from the Government at a profit."*

*"If you want to deduct the loss on a replacement, do not trade the original asset but sell it, because you then can deduct the loss in full on your tax return."*

*"Keep an open mind toward the tax objectives of an account, but beware of the tax chiseler."*

*Urge your customers to avoid tax interest and penalties.*

*"The present tax law provides a means for greater inflation by transferring purchasing power to the Government."*

*A brand-new attitude in federal fiscal planning is essential to reduce expenditures, for taxes "are close to the stultifying level."*

Mr. Vollmer said. "For tax purposes, bonds or notes are more desirable as part of corporate capitalization than stock, particularly preferred stock. The excess profits tax law provides credits for such increased debt."

Small business suffers most, the speaker declared, because "the high taxes tend to promote concentration in big business," and "there is no such thing as risk capital for small business."

"As credit executives," he warned, "we must keep alert and not overlook the tax situation when we approve credits, for the drain on cash will place many businesses in a precarious position should we experience a reversal of the business cycle."

*Mr. Vollmer, honor graduate of the University of Pennsylvania Wharton evening school of accounts and finance, was with the Philadelphia National Bank for 24 years, resigning as loaning officer in 1944 to accept an executive appointment with SKF Industries, Inc. He is a past president of The Credit Men's Association of Eastern Pennsylvania, director of Junior Achievement of Philadelphia Metropolitan Area, Inc., and chairman of the Junior Achievement Committee of Northeast Philadelphia, Inc.*

## New Fiscal Planning to Pare Expenditures Called Solution

**HAROLD W. SCOTT**, Vice President, The Pennsylvania Company for Banking and Trusts, Philadelphia:

**A** BRAND-NEW attitude in federal fiscal planning is essential, addressed to reduction of expenditures, for therein lies the real answer to taxes, "which are close to the stultifying level," Mr. Scott told the conference. There unquestionably is such a thing as a minimum cost of operating the legislative and executive departments at Washington, he said, and "this should be held to an absolute minimum during such a period."

So too with the federal administration. "Public projects, however valuable, should not be undertaken simultaneously with this extraordinary defense burden." With such a revised business approach in Government would come an end to the ruinous philosophy of spending, ma-



H. W. SCOTT



terial relief from onerous taxes, a check rein on inflation, and a more secure economic future, he predicted.

The tax liability is most significant in the balance sheets, Mr. Scott warned, and "where excess profits taxes enter, this looms as an even greater menace."

The speaker charged that the collector of internal revenue is "not quite fair to other creditors in his approach to his responsibility of collecting this income," for credit executives may be extending credit without knowledge of any hidden or alleged tax liability.

"The tax examiner assesses additional taxes and a lien is entered of record. If you are the unfortunate person who then makes a loan against Government bonds, other marketable securities, cash surrender value of life insurance, chattel liens on valuable and merchantable equipment, assignment of accounts receivable, trust receipts for excellent merchandise, you may be making such credit on an unsecured basis, or, at worst, on a second lien subject to the prior tax claim of our Government."

The banker presented these warnings to emphasize the high hazard of doing business with anyone believed "chiseling" on his taxes.

#### **Working Capital Fails to Keep Pace**

He contrasted the total increase of gross national product and wholesale prices, with working capital growth, to show that working capital has not kept pace with increase of business transacted.

Keeping the accrued tax dollar liability in balance sheets invested in inventory and receivables, even invested in fixed assets for expansion, is "one of the great weaknesses in our business picture," he said. "As these dollars are a form of trustee funds payable sometime

within a year, the corporate treasurer who uses these funds is borrowing money against a specific maturity date. If new accrued tax liability equals the maturity payments due on the prior year's liability, the menace is even more obscured."

Under the accelerated payments program, with less availability of tax funds, "the result has been a 250 per cent increase in the long term borrowings from insurance companies in the last five years."

The customary method of present-

ing the balance sheet of a partnership presents "one of the most deceptive situations." With the tax return made by separate partners and with the usual showing of the results of the business before taxes, it is difficult to get an exact picture because the partners usually have outside taxable income. And, when one partner dies, the estate taxes "sometimes are so heavy they compel liquidation of the partnership." The same hazard, Mr. Scott said, constantly confronts the closed partnership.

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### **J. L. VOSBURG**

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(Concluded from page 8)

(2) Instalment, available for dealers in personal property who regularly sell on the instalment plan and where some payments extend beyond the year of sale;

(3) Deferring, under certain conditions, the profit on casual sale of real or personal property, retaining some of the tax money to pay bills if one elects to spread the profit proportionately over the payment period by reporting on the instalment method;

(4) Reporting on a percentage or completion plan the profit on contracts requiring more than a year to finish, or tax deferral until the year of completion, and

(5) Method of handling the tax element on the sale at profit of a business asset which has depreciated to a low figure. The tax can be deferred by trading the asset for a similar item, the gain thus reducing the cost of the new asset instead of adding to the tax bill. "However, if you want to deduct the loss on a replacement, do not trade the original asset but sell it, because you then can deduct the loss in full on your tax return."

#### **Future Tax Deduction Is Reduced**

Mr. Vosburg emphasized that a deferral to conserve cash for payment of bills may not be good long-term planning. "You conserve some cash by deferring the profit," he explained, "but you reduce a future tax deduction." Again, the income deferred may be taxed next year at a higher rate "or under a less favorable tax statute."

Even the excess profits tax, "the straw that breaks the corporate taxpayers' back," has some so-called relief features, he added. There are the automatic credit; overall limitation on total tax paid; extraordinary income may be ex-

empted; certain preferences are given companies with new products or services; a lower excess profits rate obtains for new companies.

"Under some circumstances money can actually be borrowed at a profit," he said. For a corporation subject to the highest tax rate without limitation, the interest break-even point is approximately 6½ per cent, and the amount of tax saving would be affected by the difference between that percentage and the actual interest rate. "A profit of as much as \$1,080 could result on each \$100,000 borrowed at 4 per cent."

#### **Depreciation in Defense Expansion**

Another possible relief provision is in Section 216, in connection with deduction for emergency facilities on a five-year basis. For a company planning expansion of defense facilities the provision allows 20 per cent depreciation on a building instead of 2 per cent.

An open mind should be kept toward tax objectives of the customer, the credit executives were told. "He may have intentionally set up a long-term obligation to get an income tax deduction for interest expense." Again—"low earnings in a small company may be the result of payment of bonuses in the company's own stock," a legitimate practice which conserves cash for payment of bills.

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*Harold Wilson Scott combined study at evening schools in Philadelphia, including the Drexel institute of technology, University of Pennsylvania, and the school of the American Institute of Banking, with his bank work. Starting with the Bank of North America in 1914, he successively became assistant treasurer, treasurer, and after the merger with the Pennsylvania Company advanced in 1934 to vice president. He is a past president of the Philadelphia chapter of the American Institute of Banking and The Robert Morris Associates.*

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*Graduate of Temple University, Mr. Vosburg became a certified public accountant (Pennsylvania) in 1931. He is a member of Fernald & Company, accountants and auditors, and vice president of the Credit Men's Association of Eastern Pennsylvania.*

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*What Business Did Six Years Ago It Can Do Again Now*

# Times Call for Brains, Not Panaceas

THESE are not the times for panaceas; on the contrary, "the same determined planning and action by business that produces the goods can bring about the distribution," as proved in 1948-49, which was "the most profitable recession American business ever had," Herbert R. Silverman, president of the National Conference of Commercial Receivable Companies, told the eighth annual convention, in New York.

"I believe that American business, aided by the finance industry, and with practical policies with respect to inventories, wages, prices, costs and credit, can carry through the expansion of the civilian economy just as successfully as it did six years ago," said the vice president of James Talcott, Inc.

Noting that "we are living in a period of grave economic uncertainty," Shandor M. Zinner, National Conference chairman and vice president of Walter E. Heller & Company, Chicago, voiced the hope that "the near future will mark the reversal—or at least the checking—of the inflationary spiral."

When curtailment of defense orders comes and industry speeds conversion of equipment to consumer products, "the result will be an oversupply of consumer merchandise that can only be absorbed by increased buying power, expansion of foreign trade, and lower prices. That some adjustment is ahead seems likely. The all-important question is timing."

## **Emphasis on Human Element**

Harry J. Delaney, executive vice president of Meinhard, Greeff & Company, Inc., declared that business "stands on the threshold of keen competitive conditions where the principal emphasis by the money-lender should be placed on the human factor, with capital occupying a secondary role."

"One of the major problems we discover in analyzing financial reports is the urgent need by business of cash funds. Liquid working capital is a constant headache and will be for at least a few more years." Contributing to the situation are in-

## **ZINNER HONORED**

A silver scroll was presented to Shandor M. Zinner, vice president, Walter E. Heller & Company, Chicago and New York, as a tribute to his services for the last four years as chairman of the board of directors of the National Conference of Commercial Receivable Companies, Inc. The presentation was made at the close of the eighth annual convention, in New York.

Mr. Zinner since 1948 had been chairman of the national association for commercial finance companies.



S. M. ZINNER

creased costs, bigger payrolls and supply bills, tieup of "an enormous amount of corporation cash" in inventories, capital expenditures "straining the cash account," skyrocketing taxes and the more stringent rules of payment.

Good earnings and relatively easy credit, however, have "kept business from meeting up with anything you would call a real working capital crisis," he said.

Milton P. Kupfer, of Kupfer, Silberfield, Nathan & Danziger, reporting as general counsel to the Conference, called importantly salutary the recent amendments to the Federal Assignment of Claims Act and the Bankruptcy Act. He noted that the *leitmotif* of the past year "in the entire legal composition" has been one of "development of what has been started rather than an initiation of much that is new," as if "legislators, judges and lawyers are as weary of contention as are the world's peoples themselves."

**The only bad thing about loafing is that you can't quit it and rest.**

—Anonymous

Selectivity has become the problem in an ever-expanding market for funds, said William J. Drake, executive secretary of the Conference.

He added that "costs and expenses have caught up with profit margins, in a squeeze of rising material and labor outlay, and tightening working capital position."

"The next major change in business will be downward" and "caution rather than unrestrained optimism" should be the watchword, Dr. Jules Backman, professor of economics, New York University, told the luncheon meeting on the closing day.

He pointed to the persistent decline of sensitive commodity prices, lower corporate and undistributed profits as possible indicators of lessened volume of expenditures for plant and equipment, to increased food crops abroad coupled with foreign exchange shortages and tightened import restrictions. He noted that manufacturers' high inventories were largely for armament use, and suggested a close attention to retail sales for signs of sufficient increase to offset a leveling of defense production outlays.

Other Conference speakers included George V. McLaughlin, Manufacturers Trust Co., New York; the following panel members: Bertram Bennett, of Jenkins, Bennett & Jenkins, Philadelphia; James C. Dokeray, Department of Commerce; Maurice H. Stans, Alexander Grant & Co., Chicago; Thomas Lefforge, Commercial Discount Corp., Chicago; Harold Seder, General Discount Corp., Boston; J. Martin Seiler, A. J. Armstrong Co., Inc., New York; and Robert M. Stowers, Associates Investment Co., South Bend.

Among session chairmen were Robert L. Oare, also of Associates Investment Co.; A. M. Delauney, Pacific Finance Corp., Los Angeles; Theodore H. Silbert, Association of Commercial Discount Companies, Inc., and Standard Factors Corp., both of New York; and Seymour Bernstein, Merchants Acceptance Co., Chicago.

# A MOST PERPLEXING CREDIT PROBLEM

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**THIS IS DIFFERENT!** Here's a problem that has NOT been solved. Maybe the 40 or 50 Building Suppliers Credit Groups, meeting once a month and sponsored by the credit men's association, might make the subject the basis of discussion. CFM will gladly give space to any idea that results.—Ed.

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**T**HERE MUST be several of you in the building industry who will want to help me wring the "crying towel," because the wail this month has to do with retained percentages. Let me say at the outset that if you have any ideas for solving this very perplexing problem, we surely would like to hear from you.

To outline the problem to the unfamiliar: Retained percentage is that nasty reflection of distrust in businessmen's integrity whereby the owner of a building job insists on paying to the general contractor only 85 or 90 per cent of what he has coming until the job has been completed and considered "acceptable" to the owner or his architect. These terms of payment are made part of the contract and have been passed on by sub-contractor to those concerns supplying labor or material to the job.

This means to us, as manufacturers of Fenestra steel windows, steel building panels and steel doors, that we must ship the material contracted for with the understanding that only 85 or 90 per cent of our invoices for the month will be paid in the following month; we must carry the 10 or 15

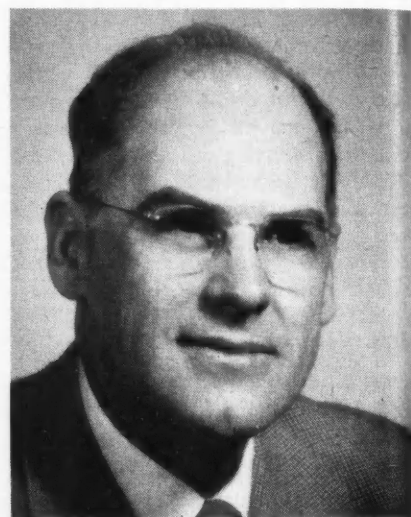
per cent of the sub-contract on our books for as many months as it takes to finish the job to the owner's approval. To make matters worse, the larger the job the more of a headache it is to the accounts receivable department though more attractive to sales.

I have heard and read many versions of the origin of this form of mayhem. The most reasonable is this: Some states, as owners of public building jobs, feel that a certain percentage of the contract should be withheld from payment not so much to insure the condition of the job as to have a "bumper" against any possible suits by sub-contractors who have not received their money from the contractor. But none of these reasons will stand up under scrutiny.

The sub-contractors carry the brunt of this policy. Such retained percentage represents to the subs 10 or 15 per cent of their INVOICED AMOUNT, whereas to the general contractor the retention is from his PROFIT (unless, of course, he is doing some of the sub-contract work himself). I am not pointing the finger at the general contractor, however.

But why should the subs be expected to carry this burden? If they are furnishing a great deal of labor or material (the cost of which, by the way, they themselves have paid in full), what a tremendous amount of money can be tied up in their accounts receivable for so many months and even years! The fact is that the owners on such jobs probably could save themselves some money if they realized that smaller subs must take into consideration this tieup of money when they first figure the jobs. And here is another problem.

Our normal terms of sale are 30 days net from date of shipment. It



**HOWARD J. FICHTNER**

*Asst. Treas. & Credit Manager  
Detroit Steel Products Company*

stands to reason that the price structure of our material must take these terms into consideration. Yet, the same list prices are applied to both types of sales; in fact, sometimes we are forced to apply a higher discount to the "retained percentage" job because of the competitive bid aspect. Everyone could benefit from throwing out the retained percentage, since surely all sub-contractors, large or small, could afford to knock off something from their bid prices if they knew payment in full was to come in 30 days.

No differentiation is made between a sub-contractor with a good financial structure and credit standing and the sub-contractor who may go into bankruptcy next week. The retained percentage clause goes for everybody—big and small, good and bad!

Certainly the owner and architect are entitled to the best job they can get. Surely, the contract should be fulfilled 100 per cent by those furnishing labor and material. But it is a reflection on the integrity of the labor and material men when the owner and architect withhold a percentage of their money to GUARANTEE A GUARANTEE. (The general contractor usually furnishes a performance

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**H**OWARD J. FICHTNER had been with the Detroit Association of Credit Men ten years before he entered the credit department of the Detroit Steel Products Company in September of 1941. There came a three and one half year interruption while he served in the 82nd Airborne Division.

Returning in November, 1945, Mr. Fichtner was named credit manager the following April, and added the duties of assistant treasurer in March last year.

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bond to the owner; the subs also give guarantees.)

Small business people are just not capitalized to carry loads of this sort on their books. If you have a machine in your shop that stands unused for a year or more, you are allowed to deduct from your taxes for some depreciation. Here we have a "frozen" asset on our books for six months to two years (and the larger amounts stand idle the longest), not only depreciating every day as an asset but barred from turnover into the business to do the work of normal capital. It may even cost money by borrowing from the bank against it to keep the business alive!

So what to do? First of all, we do everything possible to amend the contract so our 30-day terms are accepted by the general contractor. It doesn't always work but we keep trying, in the hope that the general contractor will put some pressure upon the architect to throw out the clause altogether.

#### **How General Contractor Could Help**

Recently we have been working on the idea that we would go along if the general contractor would work with us in getting the owner to give a final inspection of our work as soon as it is finished, so that final payment may be made to us even if the other trades may not be finished on the job. (The sub who is on the job earliest waits the longest for his retained money.)

No real relief will come until the architects and owners themselves are made to see that retained percentage is totally unfair. Their very simple solution is to check the financial and credit standing of the general contractor and the sub-contractor. Then the general contractor and individual sub may be allowed 30-day payment terms in their contract, along with an ironclad guarantee proviso for work to be done according to specifications.

A sub-contractor may offer a performance bond, providing he receives payment on net terms. At a very nominal cost, we gladly would furnish a performance bond, less expensive in the long run than the tie-up of retained percentages. If the owner and architect insist upon the retained percentage, they should arrange to have an inspection of each sub-contractor's work as he finishes, paying him off if that work is satisfactory.

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# '53

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*with Inventory*

*You can't*

**PAY BILLS**

*with Receivables*

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# problem

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# WORKER: CREATOR OR ROBOT?

*Management Too Often Lets Reservoir of Ideas Evaporate*

**P**ARTICIPATION of workers as creative partners in an industry or business is the responsibility of management, if true freedom is to be achieved and maintained, under the twin aegis of democracy and morality.



DEAN MCGHEE

Here stands the foremost function of human relations, "the most important business problem today," says Paul A. McGhee, dean of the division of general education, New York University. The educator's conclusions are buttressed by discussions with business leaders in Germany—plant managers, superintendents and owners—on a productivity mission in which he addressed management groups and spoke for a free society and against authoritarianism. Then he returned home to ask if in America, which he had presented as a model, the individual actually is accorded his rightful importance, his integrity and dignity respected.

"It doesn't make any difference whether we have anything left after taxes, if we can't have it to

**G**RADUATE of the University of Rochester and Princeton University, Dean Paul McGhee has been associated with New York University since 1930. He now is dean of the division of general education, which enrolled more than 12,000 adults in 1951-52, and director of the university's annual Institute on Federal Taxation.

The accompanying article reflects highlights of talks given by Dean McGhee at business conferences following his return from Germany, where he was a member of a productivity team conducting roundtables and public meetings for German businessmen.

*"I want to live only in a world wherein the individual is counted important, whoever he is and however lowly his estate. This is the cornerstone of our democratic faith."*

*"If society does count him important, then it will somehow enable him to find a working situation in which he can express whatever creativeness he may have and be fairly rewarded for it; can achieve his greatest potential as a man; can keep his self-respect; can live and work and bring up his children in an atmosphere free from fear; can live positively, not negatively, in a climate of positive faith and positive belief in the social value of his work."*

*"There is only one word that sums all these things—Freedom."*

**—DEAN MCGHEE**

use in the kind of world we want to live in," Dr. McGhee tells his audiences.

"Freedom is not a standard of living but a standard of life; we shall win it together, all of us, managers and owners and bakers and bankers and teachers and workers—or we will lose it together.

"If 'autocracy during hours is the price of democracy after hours,' the cause of the free world is lost. The final determination will be made in our factories and offices. If during their working hours men are not treated as responsible partners in an enterprise which they know to be socially useful, we need not expect them to be our responsible partners at other hours when we shall need their help in keeping the world free."

## *A Reservoir of Creativity*

Worker participation, the educator underscores, includes sharing not only in an understanding of the purposes of business but also in planning and making recommendations affecting the conditions and methods of his own work, and an understanding and acceptance of the basis of his own rewards for working. With such participation, "management can tap a reservoir of ideas and creativity larger than any they could make from their own talents, a reservoir of loyalty and cooperation that will move mountains—mountains beyond any horizons we have thus far seen."

Can we assume that the worker now values his freedom? "If we honestly survey the whole of our industrial world, I doubt that we can

say he does. His working life, which is most of his life, an important and integral part, is organized for him—and often without any meaningful participation from him. Too often he sees that he is being used toward the accomplishment of an end of which he knows nothing.

"Gone is the pride which made his ancestors say, 'I made that.' Gone, too often, is his identification with an end product which he knows will serve a socially useful purpose.

"Such a work climate is death to the spirit of individual enterprise, and death to cooperation. Where this climate exists, the seeds of greater productivity will fall on barren ground, and the tools of methods-engineering need not be taken off the manager's desk."

That's where management comes in—providing participation, teaching it, preaching it. Only through participation does the experience of Freedom become meaningful.

To some extent, science and technology have conspired against the importance of the individual worker. "Where a worker is walled in by a curtain of noise and separated from all normal social contacts, in his work station where his work methods have been planned for him by a methods-engineer, while a constant stream of unit parts passes before him, day after day, without his ever seeing their relation to the finished product—this is surely not the prize exhibit to illustrate the importance we attach to the individual."

Dean McGhee carries the indictment into the echelons of management, where the individual differ-

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## *Better to Have Inefficiency Than Drown Individuality in Blueprints*

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ences of executives, and their wives and children as well, are "virtually obliterated in the completeness of their identification with the company, their employer." He adds, "This will not do as an exhibit in proving the importance we place on the individual in our so-called free society."

Any European experience, the Dean says, teaches one that our social mobility is "one of the chief pillars of our national strength." Our basic equality of educational opportunity recognizes the still valid American credo that in our society "a man can go about as far as his talents can take him." Why, then, asks Dean McGhee, "do we spend so much of our energy in building walls between groups?"

Why are some "emotionally committed" to the proposition that conflict between labor and management is inevitable? Why is there a segment of labor that appears to "have a vested interest in keeping the breach wide and unbridgeable?" Why are there those in management "who shore up these walls between groups from some suspicion that they are fighting a gallant rear-guard action in defense of individual enterprise?"

History will prove them wrong, he predicts, "will testify that they have been arrayed against the forces that are working for a free society."

"Both parties," declares the schoolman, "must become aware that they are not only making products for sales; they are, much more importantly, making a world to live in." Making more goods and products is not an end; making more profits is not an end. "These are but means to an end, and the end must contribute to the common good if they are to be justified at all."

Dean McGhee reaches back into history to explain the smog through

which labor and management must find their common path to economic freedom. The dilemma is this: "On the one hand, science has been a tool of progress; on the other hand, its advances and the benefits it has conferred have been accompanied with ever-increasing anxiety and insecurity. The farther science has penetrated our workaday world, the farther society has moved toward uniformity, impersonal regimentation, and oppressive mechanization of the life of the individual."

### *People Are Different from Tools*

When modern business recognized the power of science and technology demonstrated by the machine revo-

lution of the physics and chemistry laboratory." Unlike these, the individual is characterized by spontaneity, personality, unpredictability.

The result? The scientific method, with its greatest success in dealing with the impersonal, emerged from appraisal and rationalization of business and industrial methods with "mass production techniques which have been dehumanizing." They "reduced people to 'operators'; their individuality has been not only irrelevant but obstructive."

If, Dean McGhee warns, "in managerial functions and production

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*The reorganization plan being effectuated by the U. S. Bureau of Internal Revenue, substituting commissioners under Civil Service for politically appointed tax collectors, permits the "largest federal civilian bureau to keep abreast with the most advanced administrative business management and technical developments which can be utilized to make the Bureau a constantly more efficient and more economical instrument of service" according to E. C. Wright, Chicago district commissioner. He was addressing the 11th Annual Institute on Federal Taxation, a New York University project.*

*Stanley S. Surrey, professor of law at Harvard University, discussed the American Law Institute Tax Project, a "major frontal attack on the technical shortcomings of our federal income tax."*

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lution of the Nineteenth Century, it evolved a new profession: scientific management. "Through scientific analysis of work methods and work stations, through time and motion studies and similar techniques," Dean McGhee explains, "we were going to show that the scientific approach could achieve some of the same wonders of productivity where workers were concerned that were achieved through the perfection of the machine itself."

That it did not work out according to the blueprints is reflected by the efforts of the modern methods-engineer to dissociate himself from his "efficiency expert" prototypes of the 1920s, the educator adds.

The impasse was that "the processes of business and industry are implemented by people—very different material from that which is shaped by engineers of tools and dies, different from the white mice of the psychological laboratory, or the elements and materials from na-

operations the imposition of systematic procedures and planned rational techniques demands the surrender of individuality for the sake of efficiency, it would be better to have inefficiency, better to have wasted effort.

"The individual is more important than the machine, the corporation, the state. Surely the individual is more important to God, who did not create the machine, nor the corporation, nor the state, nor any efficiency system.

"Subjugation of man and his creative capacities may be deceiving in the immediate results—lower production costs, increased productivity, increased profits—but the final end is equally clear: degradation of the individual."

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*If you must say "No," say it so it doesn't hurt.*

—Consol Dealer

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*A great leader never sets himself above his followers, except in carrying responsibilities.*

—Jules Ormont

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*The basic ingredients of our American way of life cannot survive indefinitely with such an abnormal-sized government. It will sooner or later eliminate the right to private property, which is the keynote of our capitalistic society; free enterprise, which is our dynamo of progress; and human liberty, without which life itself would be an empty thing.*

**GEORGE S. BENSON**  
President, Harding College, Searcy, Ark.

## How They Read 'Em

ANALYSES by the nation's press of the CFM roundup of mid-year forecasts of wholesale and production indexes, by executives of a hundred or so companies, have produced a variety of conclusions, as we expected. Knowing that financial editors make their own interpretations—and that's as should be—we presented in a release only a factual statement of the averages of the indices. It is also to be noted that the deadline for the forecasts was November 22nd.

Among the interesting comments is that of Lou Schneider, of Consolidated News Features, Inc., writing from The Bell Syndicate, Inc., New York City. In his column, "Trade Winds," Commentator Schneider couples the symposium to December's record spurts in stock prices, and the following diesels out from his typewriter roundhouse, under the heading "Political Boom":

"Know-how corporate executives say the merry singing by the stock market and securities services is out of tune.

"The bull price movement to a new 21-year high is based on beliefs that Washington's attitude and federal regulations will have less anti-business slant. That, say speculators, means increasing business activity and profits.

"But the average of predictions by the top executives of 100 companies furnishes no substantiation for a bull move in securities prices. These men think in terms of actual business. The survey is in the January

issue of CREDIT AND FINANCIAL MANAGEMENT.

"They expect the Federal Reserve's industrial index to be at 209.7 next June 30. That compares with a present level of 227, and 221 in January 1952. It was as low as 203 during the mid-summer steel strike.

"As for the Labor Bureau's wholesale price index, the average prediction places it at 109.9 next June 30. It was 113 in January 1952, and up at 115.1 in mid-1951.

"So, the average prediction of the 100 corporate, banking and insurance executives indicates a dip in manufacturing activity by mid-1953, which means a dip in profits. That, in turn, means the securities price spurt is a political boom.

"Despite this, corporate 1952 final quarter profits may be the best three-month period of the year. The trend may hold through the 1953 first quarter. But commercial bankers don't expect the improvement to hold through the final six months."

Do you agree?

## Atomic Protection Program

WHAT ABOUT fire safety in the atomic age, as it affects the insurance business? A proposed seven-point program emerged from a meeting of directors of the National Fire Protection Association, in Boston, fol-

lowing a report by the organization's chief engineer and civil defense specialist, Horatio Bond. The program:

(1) More space between buildings; (2) sharp reduction in use of combustible materials; (3) fire-resistive building construction; (4) automatic fire protection of buildings by sprinkler systems; (5) organized teams of citizens to fight fires with extinguishers and stirrup pumps; (6) storage of emergency water in tanks at buildings; and (7) continuing attentions by management to clean premises and alertness against potential fire conditions.

## Installment Selling Overseas

DUTCH AND DANISH, after stretching an exploratory toe into instalment selling and buying, are passing the word along to "c'm'on in, the water's fine," and our State Department is helping them to say it. From Holland came a call for an educational program via the National Foundation for Consumer Credit.

Three months after the largest department store chain in the Netherlands had begun experimenting with the idea, two more branches were applying the policy.

A test program for three months in Denmark brought similar approval from the customers.

## Year of Stabilizing for Food Packing Industry

A RETURN to the seasonal pattern in the food packing industry, with stabilization of prices, is to be expected this year, says F. W. Specht, president of Armour and Company, Chicago.

"From the standpoint of volume, this should be a fairly satisfactory year for the meat packing industry," Mr. Specht predicts. "Although we anticipate a decrease of 5 or 6 per cent in the number of hogs available for slaughter, there is expected to be an offsetting increase of about 9 per cent in the number of beef cattle over 1952. Even though we will have less pork than we had in 1952, the supply will be good compared to most previous years. A small increase in the per capita supply of total meat is indicated.

"Although there is some disagreement in the forecasts of consumer purchasing power in 1953, it seems

probable that there will be enough spendable income to absorb the available meat supply at the price levels prevailing."



F. W. SPECHT



### Home Building Competition

A BANNER year for midwest home builders, paralleling 1951, has just been rounded out, but while no significant decline in construction is expected this year, there will be sharply accentuated competition, says the Federal Reserve Bank of Chicago in its *Business Conditions*, monthly review.

There are almost no "sore spots" in the economy, says the bank, and the impact of a possible future turn-down is lessened by the general optimism which has moderated the impulse to overstock, which usually travels along with an upswing.

### Electric Power in Defense

WITH INCREASED electric power supply, America "can turn out on time the military supplies needed to win" in the event of aggression, said B. K. Wickstrum, vice president and sales director of Sylvania Electric Products, Inc., addressing a general sales conference of the Southeastern Electric Exchange, in Birmingham.

### Clues to Office Safety

THE SUCCESS or failure of management is reflected in part by absenteeism due to easily preventable accidents in offices, and such absenteeism is unnecessarily high and costly, as borne out by National Safety Council statistics, says William Stephen Chandler, secretary of the Phoenix-Connecticut Group.

Proper and safe equipment, coupled with employee cooperation, tells the story, for the accident toll goes down when the right equipment is installed, the executive notes.

### Fire Losses Top \$775 Millions

A RECORD \$775 millions is the revised estimate of fire losses in 1952—\$25 millions more than he predicted a few months ago—says Dale K. Auck, director, fire protection division, Federation of Mutual Fire Insurance Companies.

### Lost: A Medium of Exchange

A MEDIUM of exchange for full understanding between workers and capital fell by the farmside with the shift of personnel from rural to industrial work, David F. Austin, executive vice president of the United States Steel Company, told the Farm Equipment Institute, in Atlantic City.

That medium can be recovered, he declared, "if management, through its chain of command and by sound organization, wins the respect and abiding loyalty of all employees."

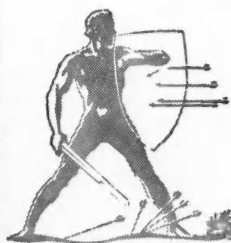
## Gentlemen, let's talk it over



The lack of fidelity coverage, or inadequate coverage, may cause even long-established companies to fail. Trusted employees, hard pressed to meet a crisis, are frequently tempted to take "the easiest way of obtaining funds."

Credit managers today are more aware than ever that the protection of adequate fidelity coverage in a sound, reliable company is of vital importance when considering the desirability of applicants for credit.

There is no better endorsement for any business concern's judgment than dishonesty protection in National Surety Corporation.



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# NATIONAL SURETY

National Surety Corporation, 4 Albany St., New York

# MARCH IS NEAR; SO'S THAT FRUSTRATING TRIP TO TAX WRINGER WITH ALL ITS UNEQUAL LOADS

**T**AXING methods must be revised and the inequalities of income taxation removed, or America's economic wealth will vanish down the drain of inflation, says A. J. Giese, president of the Vulcan Corporation, Cincinnati.

In a six-page brochure, the first page of which is a cartoon (reproduced herewith), Mr. Giese shows the varying effects of the "income tax squeeze" on three businessmen with equal investments and equal earnings: Tom, the partner; Dick, the bond and stockholder; and Harry, the stockholder.

Three solutions proposed are these:

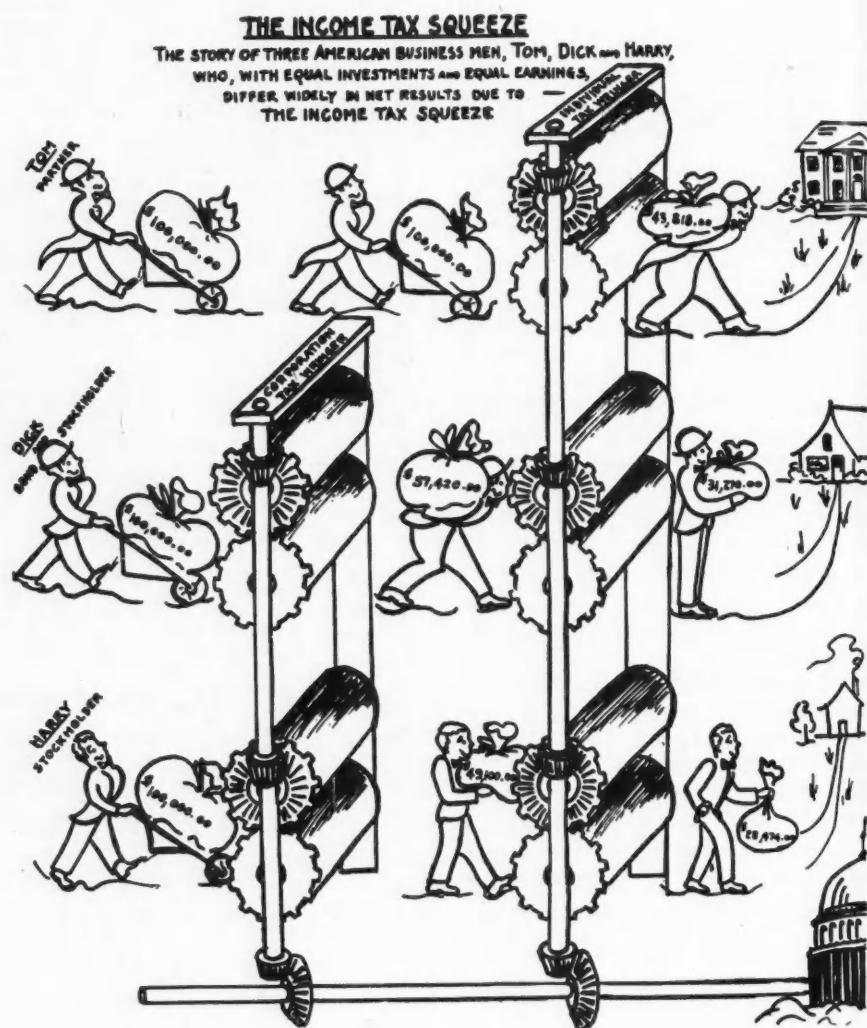
- (1) Permit corporations to deduct dividends paid to their shareholders for income tax purposes;
- (2) Tax the retained earnings of corporations at a reasonable rate;
- (3) Make up any tax deficit with an end-use sales or excise tax.

To prove that pyramiding of income taxes contributes to inflation, Mr. Giese takes the case of his own industry. "Shoe manufacturing combines into a finished product widely diversified materials funneled to the manufacturer through many corporate channels," he points out, and "the sales price of each processor includes a proportion of mark-up over cost (including cost of pre-manufactured items) for income taxes."

## Ten Per Cent Tax Only a Dream

Noting that when the income tax was put over in 1913 it was generally understood that the peacetime rate never would exceed 10 per cent, a corporation of that date "anticipating the need for a 7½ per cent net profit for expansion and distribution to shareholders, would have established sales prices premised upon an expectancy of volume to yield 7½ per cent. For a corporation today to earn a net yield of 7½ per cent it must have earnings before taxes of 15.63 per cent of sales.

"This proves that taxes must have been passed on. If they had not been, then a corporation financed by stock, with constant earnings of only 7½ per cent before taxes as earned prior to 1913, would now show earnings of only 3.6 per cent



after taxes. If 7½ per cent was a reasonable expectancy and provided the available funds for payment of normal dividends, then 3.6 per cent today is not a reasonable hope of recovery for the investment and efforts that are required to operate any business. Therefore, income taxes must have been passed on. Any corporation failing to do so would have, without a doubt, passed out of the picture."

With the 1949 rate of income tax boosted to 38 per cent, "sales prices of merchandise in many instances were established on that particular tax rate," Mr. Giese explains. "In 1950 the rate of tax was increased from 38 per cent to 47 per cent. And now, with the rate 52 per cent, an increase of 14 per cent between 1949 and 1951 is apparent, an increase

that could very definitely spell doom for many corporations."

Referring to the cartoon and the income tax wringers applied to the three types of businessmen, Mr. Giese says, "ask yourself why corporation B and its members pay 27.311 per cent more tax than the partnership, or why income taxes take 15.344 per cent more of the before-tax earnings of Corporation B than of the partnership."

## Corporation Is Left Holding the Bag

Harry, with the millions like him who made the development of corporations possible, "is left holding the bag. Dick is in a bit better position because the interest on the bonds he holds is deductible by the corporation, but even Dick is not as well off as Tom, because Tom's partnership earnings are not taxed

as such and therefore are subject to individual income taxes only."

"The allowability of the deduction of dividends paid by any corporation," while no cure-all, "would certainly minimize the effect of this retroactive tax levy," Mr. Giese believes. This "would adjust so many of the inequalities of today that even those corporate taxpayers who did the bidding of the Administration and did not increase sales prices could avoid the harmful effect of the serious rate increases by paying out their earnings in the form of dividends," which "would cause greater revenues to be produced to the Government, and the taxpayer would become more conscious of the

money required to administer the affairs of the Government."

Of his suggestion for reasonable taxation of retained earnings of corporations, Vulcan's president warns against excessive levying because these retained earnings are the source of funds for corporate improvement and moderate expansion.

An end-use sales or excise tax, at the retail level, should take a lesson from the state sales tax exemptions for items sold for resale or for inclusion in another item that will be sold at retail. Such tax, as a separate item of the sale, might "restore the sense of value destroyed by the 'Ruml Plan' which provided for withholding of income taxes by em-

ployers. The result could only be a reawakening within the citizenry of a desire for good, clean, efficient Government."

#### **Observes Fiftieth Anniversary**

The first Model 1 typewriter made by L C Smith & Corona Typewriters, Inc., of Syracuse, N.Y. (then L C Smith and Brothers Typewriter Company), which celebrated its fiftieth anniversary last month, was sold in 1905 to The New York Herald (now the Herald-Tribune) and was used 24 hours a day for eight years, says the company. The merger with the Corona Typewriter Company into the new organization came in 1926.

# New Business Trends Chart

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# Buyer—Seller—Collector, These Three, And Credit Man Must Be All of Them

**C**HANGING economic conditions alter definitions, even if the basic realities remain the same. So with the definition of the credit man. Many have been the analyses of his duties and the functions of his department, with a trend toward enlarging the scope of responsibilities, in growing realization of his role in building business volume as a teammate of Sales. This is emphasized by Mr. Wendt in the accompanying article. The credit executive who measures up to the qualifications he sets forth indeed rates recognition in top management, for not only will the credit man be a student of marketing, merchandising and accounting, but he will also have cultivated attributes of personality to help him effectuate such background knowledge.—Ed.



J. H. WENDT

**W**E BUY, we sell, we collect. This is the daily job of merchandising. Every business man is a merchant, whether manufacturing, wholesaling, banking, or retailing. So too the ambitious employee, regardless of his position, is merchandising because he must sell his services, and collect for them so that he can buy his needs. It is a daily task. We of the credit profession must ever keep in mind this "text" of buying-selling-collecting, because in the financial end of the business we have an opportunity to observe all phases.

It is the responsibility of the credit man to calculate his risks, unless he is content to do a routine desk job and play so safe that he is constantly saying "no". Then, rather than enjoy the love of the sales personnel, he may experience their hate as an ingrown sourpuss.

## **Credit Man Should Be Salesman**

To do an intelligent job, the credit man must be informed concerning office management, buying, inventory, products, selling. He should be a salesman, sales-minded, profit-minded, too, for while appraising the risk he must be prepared to do the job of collecting.

The credit man performs as a player on the team, with the buyer and seller. Each must calculate the risk and the soundness of the investment, and exercise good judgment.

The credit man needs to smile, have a sense of humor, personality too, just as the salesman. The true credit executive is enthusiastic, courageous; he takes a chance to make money. He is interested in people, a student of human nature; he, of all members of the team, has the opportunity to guide the lives of many. He should be resourceful, daily engaged in evaluating and re-evaluating investments. He should be well acquainted with the salesmen, travel the field with them.

Naturally a successful credit man is interested in his profession and its organizations, local and national, in credit conventions, as the doctor and lawyer in their own areas. He manifests an interest in salesmanship, the sales executives' club, the advertising club, the Chamber of Commerce, other activities peculiar to the industry. He studies marketing and economics. It is our responsibility to help raise the standards of the credit fraternity.

Be cosmopolitan. Be sincere. Be natural. Be friendly. Be patriotic, a good citizen.

As guardians of the company's profits, we are naturally interested in building sales volume and income; we are expected to protect capital and avoid serious losses. Each company must establish a credit policy, each credit executive must have a program. Liberal credits and prompt collections

require handling customers on a human basis. There is no mystery about it. Responsible financial managers should be selling every day the job we have to perform. We are often called upon to "operate" as business doctors, or business engineers, the antithesis of business undertakers.

A phase of collection procedure the credit manager must carefully supervise is letter writing. Here is an opportunity to create goodwill. The art of letter writing and the art of conversation are not dead. Through them the credit man has an opportunity to enjoy life, spread happiness, help to cement customer relations.

Let us throw out the window all  
(Concluded on opposite page)

**W**ITH headquarters in the new Graybar building in Long Island City, J. Henry Wendt, eastern district credit manager of Graybar Electric Company, Inc., looks out over 26 years of service of the company. In 1935, he was named southeastern district credit manager with headquarters in Richmond; in 1947 central Pacific district credit manager, offices in San Francisco; and in 1949 to his present post.

In each area his interest in professional organization has been evident. He was a two-term president of the Richmond Association of Credit Men, is a past director of the National, was active in the Credit Managers Association of Northern and Central California, as now in the New York Credit and Financial Management Association. He has been national chairman of the Electrical Group at conventions.

Mr. Wendt attended Pace College in New York City and New York University, and taught credits and collections at Richmond University evening school.

stereotyped letters; remember to write as we would talk: and be courteous, concise, clear, conversational (friendly, of course); write correctly, completely (six C's), tactfully and at the same time be firm.

Let's keep in mind the five W's of good letter writing; who, why, when, where, what. Conduct letter writing clinics, ban loose talk, make every letter a sales letter, because we must keep on selling if we are to keep on collecting.

Ask for your money. You are entitled to it. Remember it is our responsibility as credit men to convert receivables into cash. When we grant credit to the deserving, we fully expect to collect.

There is a romance of credit just as important and delightful as creative selling. Yes, it requires imagination, sound thinking, flexibility, faith with understanding, full knowledge of our job and our company, analysis, optimism, and practical application in all departments of life.

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**Plan Carefully—**

***The business you save may be your own.***

**—Anonymous**

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**British Subsidiary's Profit  
In Year Half of Buying Price**

The movement of American companies toward establishing subsidiary manufacturing concerns in foreign countries finds a profit example in the case of the Independent Pneumatic Tool Company, Aurora, Ill., which purchased the Armstrong-Whitworth Pneumatic Tools, Inc., Newcastle-on-Tyne, England, employing 750 persons.

An estimated profit equal to one-half the total purchase price in one year of operation is reported by President Neil C. Hurley, Jr., of the Aurora company. He declared "the productivity of the British workers as high as that of the American workers" in the Aurora plant. Close cooperation of management and workers was a profitable innovation. Pay of the workers at the plant in England averages \$25 a week contrasted with \$81.50 in the Aurora factory.

The British company is not required to pay a distribution tax on dividends paid to American owners as it does on those to its British stockholders, Mr. Hurley noted.



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# Is Trained Personnel Lagging in Race Against Expansion of Credit Business?

**T**ODAY's emphasis on the credit function of expediting sales volume can, like Macbeth's vaulting



B. F. REINKING

ambition, "o'er-leap itself and fall on the other," if the harness of sound financial condition is not doublechecked when the account is opened. Credit too often is not only taken for granted by the prospective customer but even has the form of a demand, with industry expected to "assume the role of a financial institution without a compensating interest factor to justify such an extension of working capital," says B. F. Reinking, general credit manager of the Food Division of General Mills, Inc., Minneapolis. "It is in the first step of a credit relationship that mistakes are commonly made, and they may plague the creditor forever after."

## *Analogy of Bank Loan Department*

Mr. Reinking draws a parallel of correct industrial credit procedure and the general practices of commercial banks' loan departments which "generally adhere to loan rules" under a safety and security program of accepted soundness.

He questions whether an industrial creditor should be more lenient than the customer's bank, "which likely knows more about his sup-

**W**HEN B. F. Reinking became general credit manager of the Food Division of General Mills, Inc., in charge of credit and collections, the move to Minneapolis from Chicago followed a long period of service which began with the predecessor company, Washburn Crosby, in Minneapolis in 1924.

He stepped up to Chicago office manager, credit manager, central division controller, vice president and controller of the central division, then the company's senior executive in Chicago.

## **Some Flagstones in Approach to Granting Credit**

Account should be advised of importance of maintenance of adequate and intelligible accounting records;

Agents, salesmen or other initiators of credit instructed in correct procedure with customer, bank and own credit department;

Customer informed that credit is a loan and certain pertinent data must be provided;

Specifications explained and observed if customer expects to enjoy interest-free use of supplier's working capital;

First abuse of arrangements "punctuated with action to correct it promptly, as a permitted delinquency represents an invitation to take liberties with an agreement which should have the same moral force and legal status as an interest-bearing note which is amply secured."

—B. F. REINKING

porting background for credit than anyone else." He suggests that the prospective customer should first explore the possibilities of obtaining the loan from his bank; at least he'll "learn some fundamentals of credit extension, have a healthier respect for limits and not be shocked if industry requests some form of collateral."

Noting that credit arrangements normally are initiated by agents or salesmen whose income is related to volume and the possible loss of a sale, Mr. Reinking told CREDIT AND FINANCIAL MANAGEMENT that "a lack of knowledge of banking operations or reticence to discuss outside financing often precludes the use of local finance facilities. Furthermore, the seller's credit is less expensive" and "the buyer's local reputation is not impaired if delinquency occurs. The seller's investigation may be less rigid. If there is hesitation to submit the request to his company, or if he conducts too searching an inquiry, then the customary remark that competition already has agreed to the terms results in a complete collapse of the necessary quest for data."

So the case of the incomplete application, or recommendation, reaches the credit department, as does the "clincher" that competition approves the arrangement. Follows the usual inquiry. The credit agency reports are limited; the customer has refused to provide financial statements—perhaps has inadequate records. The result?

"Whatever the trouble, much time

and expense is involved, and finally the request may be justifiably declined. This causes chagrin and embarrassment for the agent or salesman, because a negative answer may seem to him to reflect upon the honor and dignity of his customer, and so the agent, more often than not, reacts with unreasonable arguments. Whether the credit is finally granted or declined is secondary in this perplexing problem." More important is the disruption of public and intracompany relations.

Mr. Reinking sees as the principal weakness in such cases a faulty approach to establishment of provisions of agreement and "lack of understanding of the principal requirements for credit extension." The answer, he believes, lies largely in "educating the numerous sources of credit arrangement to maintain a standard of practice and procedure no less exacting than that of the commercial banks, who should be the principal suppliers of credit."

The increase in numbers of trained credit personnel has not kept pace with the expansion of the credit business, the executive says, and here he underscores the value of "educational programs designed to overcome these apparent shortcomings." Meanwhile, he considers it "probably fortunate that the growth of credit business has been attended by an inflationary trend and a high level of production so that the ability to pay has remained exceptionally good



while credit losses, bankruptcies and business casualties have not been alarming."

Educational programs must "reach the local level of customer contact through credit management for maximum effectiveness," Mr. Reinking believes. "It seems to represent a significant opportunity to bring greater recognition to the profession of credit management. It is also timely to prepare for the inevitable less favorable economic period, and it is proper that the weaknesses, if any, in our system of credit extension be detected and rectified."

"The extension of credit in remote places is like conducting a loan business by mail and remote control. There are potential hazards which must be recognized. Our ability to cope with these conditions and circumstances will largely determine the future stature of credit management."

#### There's Tax Poser in Seller Returning to Buyer's Field

Complications in federal income tax computations and collections are seen in enterprise sales agreements written to prevent competition to the new owners from sellers returning to the same field. Among lines affected are newspapers, print shops, grocery stores, milk companies and drug stores. A seller with wide acquaintance in a locality could cut a wide swath in his predecessor's business by reopening in the same area.

Says Commerce Clearing House Inc., in Chicago: The payment in consideration of such an agreement must be capitalized by the buyer and not treated as current expense. On the other hand, the seller must consider such payments when received as current income and not as capital gain, and Commerce Clearing says this principle was established in a case involving the Toledo Newspaper Company.

"Amounts paid specifically for elimination of competition are capital expenditures, not a business expense," Commerce Clearing holds. "If the recipient agrees to refrain from competing for an indefinite period, no depreciation of the amount is deductible. But if the agreement is for a stated number of years, the amount may be written off over the agreed number of years." And if the agreement is simply a part of the sales contract, with no specific amount named for it, the amount involved is considered a part of the assets purchased and may not be written off as current expense.



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# Manager Reneges on Responsibility Unless He Performs at Least One Public Service

Job to Produce More with Less Labor And So Serve Others

**P**RODUCTION is a false god, in itself nothing. The goal of management rather is leisure for the individual. The



W. G. CAPLES

job of the manager is to create order, to be imaginative, to plan and execute ways to produce more with less labor, and so to provide time to serve the other fellow as well as

oneself.

Setting out from these premises, William G. Caples, president of the Inland Steel Container Company, Chicago, explores the avenues leading to fulfillment of these objectives and comes up with several shortcuts, guideposts and green lights ahead.

## Countless Jobs Outside the Plant

"There are countless jobs to be done outside your plant and in your community," Mr. Caples advises managers, foremen, and supervisors. "There are hospitals to be built. There are youth movements to be managed, such as Scouts, Junior Achievement and 4H clubs. There are parent-teachers associations, school boards, city councils, charities, churches and many other worthy causes that must be helped.

"We are not carrying out our responsibility as leaders unless each of us carries out at least one public service."

Managers, he says, at last are

**J**OINING Inland Steel Company in 1946 on his return from combat officer service in the Pacific, William G. Caples was manager of industrial relations of the parent company and subsidiaries. In July, 1950, he was named vice president of the subsidiary Inland Steel Container Company, and advanced to the presidency the following month.

Before the war he had practiced law in Chicago and later was general attorney of the Continental Casualty Company and vice president of the National Casualty Company of Detroit.

He is a graduate of Kenyon College, Gambier, Ohio, and Northwestern University, where he received his degree from the school of law.

## WHAT IS GOOD LEADERSHIP?

*A good leader—*

- (1) *is content to let others do things;*
- (2) *willing to impart to those under his supervision all the knowledge that he has;*
- (3) *helps others by permitting them to learn by doing;*
- (4) *generates as much enthusiasm for another man's ideas as though he originated them himself;*
- (5) *saves efforts of those under his direction;*
- (6) *gives full opportunity to each person's ability, regardless of race, color, creed, sex or national origin.*
- (7) *is a good follower.*

WILLIAM G. CAPLES

learning that it is a social duty of each to help make the home town good, the kind in which to rear their children, to attract the kind of folk one wants as neighbors (and that goes for credit managers as well.—Ed.).

## Desire for Self-Improvement Needed

"Some of our leisure time should be directed toward self-improvement," and training directors, training courses and formal schooling are media for speeding development. But, Mr. Caples adds, "the individual must have the desire and be willing to accept the sacrifices necessary.

"Efficiency in itself is no good." Here again, in normal times, is a lever to release men for leisure, and in a "garrison state" to boost production for defense.

The kind of leadership needed to achieve the objective of winning the good things of life has many facets, Mr. Caples points out.

Part of the answer is a willingness to let other persons do things. "There is a danger that a foreman is selected because he has ability as a production worker and has manual dexterity, that he will do things himself because he can do them better, instead of patiently letting others do even if it means an occasional mistake."

A foreman today must have the twofold objective "to develop each man to the fullest extent of his ability and to have people promotable at the earliest possible opportunity," Mr. Caples emphasizes. "If we as managers are not smart enough to develop the great reservoir of talent for our common good, it will be directed to other channels, and experience has taught us that the result is interference with production time. Then we all have less goods and less leisure."

## Respect for Authority Needed

To the tendency of otherwise capable men to be enthusiastic only for their own ideas, Mr. Caples cautions: "All of us have a boss. It makes no difference what position we hold within an organization, there are those to whom we are accountable. There are those who give us guidance and direction. Even if their ideals are not in accord with ours, it is only through proper respect for authority that we can convey to those under our supervision, and execute properly, the things we set out to accomplish.

"How nice it would be if we could

eliminate such statements by supervisors as these: 'I don't know, I only work here,' or 'It's some crazy idea from the front office.' We must have a positive approach to carry out those things we are directed to do."

This does not mean blind following of instructions, he warns. "The supervisor who fails to call his boss' attention to the fact that a decision may or will produce consequences harmful to an operation isn't doing his job."

Effective management calls for constant study of the area of responsibility and the job, to make certain the individual's ability is used to the fullest. So Mr. Caples suggests the manager ask himself: "Can jobs be combined? Can work be simplified? Are your job breakdowns correct? What would happen tomorrow if one or two men were taken from you and without replacements you were still expected to do the job? Are you thinking out the future requirements in your area of responsibility?"

When the day comes that calls for more skilled, semi-skilled and trained workers, there will be no manpower shortage, the executive predicts, if management at all levels of supervision plans intelligently against future needs.

### **Executives Behind the Parade In Pay in a Living Cost Spiral**

THE AVERAGE EXECUTIVE'S salary in most instances "has not kept abreast of the cost-of-living spiral, and his percentage rate of progress has been substantially less than those of his white-collar and production worker contemporaries," says Austin M. Fisher, of the New York management consultant firm of Fisher, Rudge and Neblett, Inc.

Blaming unscientific corporate salary policies—and of course discriminatory income taxes—Mr. Fisher told the Midwestern Conference of the Controllers Institute, in Cincinnati, that for equivalent take-home pay the controller with \$15,000 salary in 1940 should have \$31,400 today; the treasurer with \$25,000 then would need \$59,100 now, and the corporation president's \$100,000 of 1940 should be \$451,400.

Referring to a study of 250 representative companies and data of the American Management Association and the Bureau of Labor Statistics, the consultant noted that between 1945 and 1950 average earnings of corporate officers increased less than 16% while the companies' net income went up 130%; cost-of-living rose 43%, industrial workers' pay advanced 40 per cent. In the

## **Here's Sales Training on the Double**

*Instructing trainee and trainer at the same time was not the only problem faced at the Emery Air Freight Corporation when 30 per cent of the total payroll had to be trained within a four months deadline, because the business had increased 100 per cent in one year and the number of branch offices had to be doubled. How they did it is told by James McAdams, advertising manager, in Printers' Ink.*

*Five classes were decided upon, four in New York, one in Chicago. The first class, new employees, provided replacements for the second, and each class after the first was designed for an increasingly higher level.*

*The general office wrote the experimental program for the first class only. Various methods were used, to test the teaching and curriculum. A two-weeks period was provided after each class, for rewriting and planning. So the revised text material of one class formed the basis for the next, with additional experimental material.*

*The first class studied principles one day, applied them the next day on specific jobs. Each trainee had to write a critical report. Thus the new employees noted the errors of present employees, helped formulate the program for the next class, and indirectly assisted in establishing new control methods.*

*The results? High level esprit de corps and sales efforts in all 14 new branches; speed and dependability improved, greater efficiency. And the number of shipments handled jumped 52 per cent.*

period 1949 through 1950 corporate officers' salary increases averaged at 6 per cent.

"The best solution," Mr. Fisher suggests, "is to organize executive salaries within a formal framework developed by establishment of (1) a hierarchy of executive positions based on their functional contents, and (2) salary levels for this hierarchy which compensate for skill and responsibility."

### **Ordinary Life Insurance Total \$18.8 Billions, Says Fact Book**

A welcome arrival each year is the Life Insurance Fact Book, publication of the Institute of Life Insurance, New York, organized by legal reserve life insurance companies as a central source of information. The 108-page 1952 edition is replete with statistical data, pointed up with graphs in two colors, as well as an abundance of tabulated information.

*The fellow who complains he is not getting enough is usually not giving enough.*

—Youngstown Bulletin

### **States Enter Deficit Spending Parade of Federal Government**

Two decades of deficit spending at the federal government level are being reflected increasingly in the financial picture at the state capitals, just as for the sixth year in a row the public's spending has exceeded its cash assets.

More than half the state governments now have annual deficits, though the 27 of fiscal year 1951 contrasted with the 36 of 1950. In fiscal 1946, however, only one state spent more than it received. State expenditures have gone up each year of the last 12, and "a postwar surge speedily wiped out surpluses piled up in war years," says the Tax Foundation, New York, a private non-profit research organization.

Calling the trend an "augury of dangerous fiscal instability," the Foundation proposes these ways out for the states: (1) prevention of abuses in public welfare programs; (2) careful utilization of personnel, filling vacancies only when a vital performance is involved; (3) avoidance of new programs and refusal to expand existing activities; and (4) limitation of major construction projects to the most essential.



# UP THE EXECUTIVE LADDER

**RALPH NEUMAN** has been advanced to treasurer of Benton & Bowles, Inc., advertising agency with headquarters in New York City.

He had been assistant treasurer of the company. Mr. Neuman, who has been associated with Benton & Bowles since 1935, is known for his interest in promotion of the profession of credit and is a member of the New York Credit and Financial Management Association.

**LOUIS DE BAUM** has been named credit manager of Motorola-New York, Inc. He was formerly with the Westinghouse Electric Supply Company, Long Island City.

**A. GORDON PATTERSON** has been elected president of the Electric Controller & Manufacturing Company, Cleveland, succeeding R. G. WIDGONS, who advanced to chairman of the board. Mr. Patterson joined the company in 1944 as treasurer and was elected secretary-treasurer and a director in 1946.

**ALBERT R. BLANCHARD** has been appointed manager of credits for the Hood Rubber Company, a division of the B. F. Goodrich Company, at Watertown, Mass., succeeding Chester G. Lewis, deceased. Mr. Blanchard joined Hood Rubber as a cost accountant in 1941 and subsequently served as salary administrator and later handled employee relations. Previous to association with Hood, he served in the credit department of Sherwin-Williams Company. He is a graduate of Bentley School of Accounting and Finance.

**A. C. VERMEER** has been advanced from assistant treasurer to treasurer of The Fairbanks Company, New York City. Of Holland ancestry, Mr. Vermeer early moved to Grand Rapids, Mich., where he received his formal education, and there started



RALPH NEUMAN



T. C. SUTTON

his career in the sales department of a machinery supply house and also held various positions with United Motor Truck Corporation, Johns-Manville Corporation, Electric Power & Light and its subsidiaries, and General Cable Corporation. He had held the office of treasurer and controller of the American Commonwealth Power Corporation and the Carbonic Manufacturing Corporation, before joining The Fairbanks Company.

**P. H. HANNUM**, treasurer, has been elected a director of American Home Products Corporation, New York City. He joined the company in 1939, served as head of the tax department and as assistant treasurer before his election as treasurer of the corporation in 1950.

**LESTER PETCHAFT**, secretary, Esquire, Inc., Chicago, recently added the duties of treasurer.

**WILLIAM A. SMITH**, advanced to president of the First Security State Bank, St. Paul, had been vice president since 1944. He continues as cashier. Harry E. Kern is now chairman. A biography of Mr. Smith, as president of the St. Paul Association of Credit Men, appeared in the CFM January issue.

**HOMER C. COGAN** has been appointed treasurer of The Parker Appliance Company, Cleveland. After 15 years in various capacities, as sales engineer, credit and office manager, he joined Parker Appliance in 1943 as night office manager. A year later he became supervisor of the accounts receivable, accounts payable and billing departments, in 1948 assistant to the treasurer, then controller, credit manager, assistant treasurer and now treasurer. He is an alumnus of the Graduate School of Credit and Financial Management at Dartmouth College in 1952.

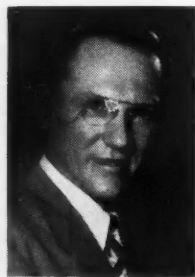
**T. C. SUTTON**, office and credit manager at General Tire & Rubber Company's Portland, Ore., divisional office the last six years, has been advanced to staff credit manager, with headquarters at San Francisco, supervising the company's western region credit activities. Mr. Sutton joined General Tire & Rubber at Atlanta in 1934 as bookkeeper, and advanced to the post of assistant office and credit manager. In 1941 he entered military service and was with the infantry and the quartermaster corps in Europe, attaining the rank of major. In the Stanford '54 class of the Graduate School of Credit and Financial Management, he has been active in the wholesale credit associations at Atlanta, Ga., and Portland, Ore.

**JOHN C. WEAVER** has been appointed district credit manager of the National Supply Company at Olney, Ill. Mr. Weaver recently completed his second tour of duty with the Army. Prior to his recall to service in April 1951, he was senior credit clerk of the company's division credit office at Fort Worth.

**DOUGLAS S. CLARKE**, credit manager, Central National Bank of Cleveland, has been elected a vice president. Mr. Clarke joined Central National in 1945 as an estate investment analyst following 12 years' previous experience in financial circles and two years' service in the Army. He was named the bank's credit manager in 1946 and will continue in that capacity as well. Mr. Clarke is a graduate from Brown University and Harvard Graduate School of Business, where he received his MBA degree in 1933. In 1950 he was graduated from Cleveland Marshall Law School. Long active in affairs of The Robert Morris Associates, he is a trustee and member, executive committee, Cleveland chapter, National Association of Credit Men.



A. R. BLANCHARD



A. C. VERMEER



H. C. COGAN



D. S. CLARKE

K. W. GEORGE has been appointed controller of Continental Carbon Company and its affiliated companies, Amarillo, Texas. Mr. George joined Continental in 1950 as cost accountant. He was previously with Mullins Manufacturing Corporation, Salem, Ohio.

The election of ROBERT J. SMITH as vice president and a director of Mortgage Corporation, Chicago, has been announced by C. Robert Lazarus, president. Mr. Smith is a former vice president, treasurer and a director of Montgomery Ward & Company, where he directed the mortgage loan department. He resigned in 1948 and went to Mundet Cork Corporation, New York City, as secretary and treasurer and a director.

DONALD M. GRAHAM, formerly a partner in the law firm of Mayer, Meyer, Austrian & Platt, is now a vice president in the commercial banking department of the Continental National Bank & Trust Company, Chicago.

***The easiest way to get to the top is to get to the bottom of things.***

**—Anonymous**

G. D. ALLIE, formerly in charge of credits at Twin Draulic, Inc., Laurens, Iowa, has been advanced to vice president, and R. O. MARSHALL, formerly of Nevada, Iowa, has succeeded him as credit manager.

WALTER BEANWAY, formerly treasurer, has been advanced to vice president and general manager of Carter-Waters Corporation, Kansas City, Mo. Mr. Beanway is a former director of the Kansas City Wholesale Credit Association. PAUL KIRNER succeeds him as treasurer, advancing from credit management. Mr. Bethel is the new credit manager.

RICHARD A. MEYER, formerly connected with the office of the collector of internal revenue, has been appointed credit manager of Blake, Moffitt and Towne, Inc., Tacoma, succeeding Oscar Kendall.

HARRY E. POUNDS has been appointed to the newly created position of controller of Booth Fisheries Corporation and its domestic and Canadian subsidiaries, according to C. A. Linder, vice-president and treasurer of the Chicago firm. Mr. Pounds formerly was with the accounting firm of Peat, Marwick, Mitchell and



**PARTICIPATING** in a meeting of the Connecticut Electrical Credit Group, in cooperation with the Hartford Association of Credit Men, among others, are: (seated, l to r) W. W. McAdam, manager, Credit Interchange Bureau, New York; D. H. Foster, Electrical Supplies, Inc., Hartford, association secretary; E. C. Byrnes, Sprague Electrical Supplies, Bridgeport; John A. Rosen, Grand Light & Supply Company, New Haven; Joseph J. Rydell, American Electrical Supplies Company, Hartford, and James Bertschinger, Graybar Electric Company, New York. Standing: George De Pasquale and M. M. Lilly of the Hartford Electric Supply Company; M. Goldberg, Bond Electric Supply, Hartford; John Blesso, of Frank A. Blesso, Inc., Hartford, and V. J. Carabello, General Electric Supply Company, Hartford, a guest.

Co., as a member of its management controls division.

ED MERRILL, formerly credit manager, Booth Fisheries, Minneapolis, has been advanced to manager of the Fargo, N.D., branch, Bergseth Fish Company. He is succeeded in Minneapolis by WILLIAM P. OSTER, formerly at Booth's Sioux City, Iowa, branch.

The First National Bank of Portland, Ore., announced the appointment of EDWARD J. SCHNEIDER as assistant vice president, succeeding GEORGE W. GOFORTH, recently transferred to assistant management of the Salem, Ore., branch.

HARRY R. HANSEN has been advanced from accountant to credit manager of the General Electric Supply Corporation, Portland, Ore. He succeeds RALPH C. SENN, who assumes other executive responsibilities.

PAUL E. SHROADS, in addition to his duties as vice president, has been named treasurer of National Steel Corporation, Pittsburgh, succeeding the late F. M. Hesse.

### **Four Fraud Prevention Cases Bring Conviction; 8 Await Trial**

Four convictions of fraudulent operation and one dismissal of indictment marked trials in which the Fraud Prevention Department of the National Association of Credit Men had participated in investigation, between April 1, 1952 and the year-end.

Besides the three indictments which were awaiting trial at the beginning of the period, eight more were returned. Six indictments were ready for trial at the turn of the year.

### **Binney Heads Administration Of Foreign Interchange Unit**

Ralph M. Binney, vice president of The First National Bank of Boston, is the new chairman of the administration committee of the Foreign Credit Interchange Bureau of the National Association of Credit Men. Mr. Binney succeeds Nicholas J. Murphy, vice president of The Chase National Bank, New York, who had served as chairman the last two years.

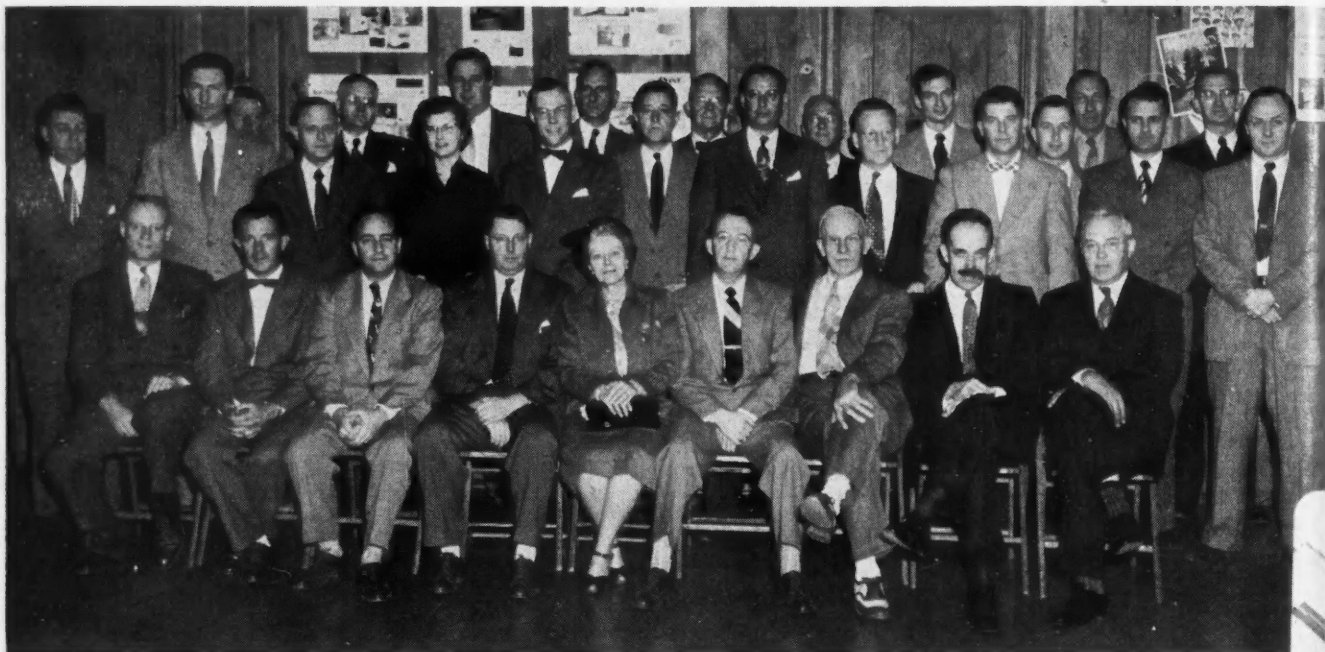
## **You Win, Coming and Going!**

**How would you like to have handed to you not only a \$100 U.S. Defense Bond but also the dividend-paying ideas of a host of your fellow credit executives—all without the slightest cost to you?**

**Read the message on the inside front cover of this issue and then write, without delay, to The Editor, Credit and Financial Management.**

**P.S. It's also a great way to clip a coupon of the satisfaction that rides with a service to your profession!**





PLANT VISITATION WAS THE AGENDA when the Florence Stove Company of Gardner, Mass., was host to 40 members of the Worcester County Association of Credit Men, at the invitation of Leon Belliveau, the company's manager of credit and collections. In the front row, with association officers, are (l to r) Frank S. Eaton, assistant credit manager, Norton Co.; William C. Green, chief accountant, M. J. Whittall Associates, Inc.; Fred R. Hynes, credit manager, H. E. Shaw Co., all of Worcester; Lawrence J. Hadley, office manager, Falulah Paper Co., Fitchburg, and association first vice president; Mrs. Gladys T. Coolidge, secretary-manager; H. Parker Adams, assistant treasurer and purchasing agent, Stevens Walden, Inc., Worcester, and association president; Lindsay E. Haines, credit manager, Nichols & Stone Co.; Arnold Hunter, assistant to the secretary, Florence Stove Co.; and William H. Higgins, office manager, Conant Ball Co., all of Gardner. The credit men and women viewed a number of departments of the company in operation.

## Legal Rulings and Opinions

### Insuring Bank Depositor

A Missouri bank has the authority to contract with a life insurance company to insure the lives of the bank's depositors in a plan to increase deposits, according to the Missouri supreme court, reversing the ruling of a trial court.

The bank and the insurance company had brought action for a declaratory judgment against the state superintendent of insurance and the state finance commissioner.

### Confessed Judgment Notes

Recommendation that the National Association of Credit Men seek to interest credit men generally in "the advantages of the confessed judgment note," toward initiation of action within their state legislatures to enact laws recognizing the validity of this form of note, was voted by

#### SEEKS CHANGE

TREASURER, large food processor, \$40,000,000 annual sales, desires change. Finances, credits, taxes. Interested only in A-1 proposition. Reply Box 382-CFM, Credit and Financial Management.

the Building Material Industry Group in connection with the Southeastern Credit Conference held at Knoxville, Tenn.

"Judgment notes," says the 1953 Credit Manual of Commercial Laws, "have been defined as promissory notes which contain a power or warrant of attorney whereby the holder of the note, if an attorney or any other person, named or unnamed, is authorized, after maturity of the note, to appear in a court having jurisdiction of the subject matter and confess judgment on the note against the maker for such amount as may be due thereon."

### No Proof, No Liability

An insurer is not liable for a claim if the plaintiff is unable to provide legal proof that a broker secured coverage or that the company accepted the application for the insurance. The unanimous decision by the New York court of appeals, in *Joseph Schultz & Co. v. Camden Fire Insurance Association*, reversed rulings of the state supreme court and the appellate court.

Without proof of facts upon which the doctrine of equitable estoppel

successfully can be involved, the court held, liability under contract had not been established by the holder of the motor truck cargo policy. A truck and its contents had been stolen.

### Fair Trade Suit Settled

Settlement of the Sunbeam Corporation's \$6 millions suit against R. H. Macy & Company was announced in New York by the latter which, in signing a standard Fair Trade contract with Sunbeam, agreed to observe the minimum retail prices set by the Chicago manufacturer of the Mixmaster and other small household appliances.

### House to House Sales

Citing a 1939 opinion of the Florida supreme court, Richard Erving, state attorney general, ruled that house-to-house selling is immune from prohibition by municipal ordinance. The U. S. supreme court's *Green River* decision does not overrule the Florida bench, the Attorney General declared.

### Joe H. Flynn, South Bend, Dies

Joe H. Flynn, credit manager of the Malleable Steel Range Manufacturing Company at South Bend, Ind., is dead. For the 1935-36 term Mr. Flynn was president of the N.A.C.M. St. Joseph Valley Chapter, South Bend.



# From Tight-rope to Halter

## *Acquiescence of Business in Inflationary Folly Hurts Freedom, Stability, Growth, Says Banker*

COOPERATION based on understanding is essential to the preservation of American freedom while strengthening its stability and protecting its dynamism. This is the conclusion of J. Cameron Thomson, president of the Northwest Bancorporation, Minneapolis, and vice-chairman of the Committee for Economic Development.

How not to preserve that freedom is reflected by the experiences with price and wage control since Korea. To prevent a general inflationary movement, says Mr. Thomson, these alternatives were presented: (1) "raise taxes of an anti-inflationary kind, hold Government expenditures to the rock-bottom minimum, tighten credit, stimulate saving, and enlist the voluntary restraint of the leaders of organized economic groups, or (2) accept a complete harness of price and wage controls.

"After some months of tight-rope walking in the latter part of 1950 we slipped into the control pattern. We chose, or at least accepted, the freedom-restricting rather than freedom-preserving way." Then we found "to our horror the Government seizing private industry to enforce those decisions."

"We are attracted to simple and direct solutions, or to measures that look enough like solutions to relieve us of responsibility. We acquiesce in the suppression of information." We establish this and that authority. "And so in one way or another we give up freedoms."

### **Freedom, Stability, and Growth**

Besides the problem of freedom, core of the defense program, there are the questions of stability and growth, the three main issues of a decade ago just as they are and will be in a period of international tension and large security expenditures.

"The defense program has substantially increased inflationary pressures" and "may in some phases be an influence toward recession" even before defense expenditures begin to drop, the bank president points out.

The inflationary pressures affect-

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**J. Cameron Thomson, president of the Northwest Bancorporation of Minneapolis, is widely known for his studies in the field of the economics of federal government operation.**

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**Mr. Thomson is vice chairman of the Committee for Economic Development, which is pushing a program for economies at the national level.**

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ing stability are exerted by the very large federal budgets, by necessity of continued high production, thus strengthening "the ability of some organized groups to get higher wages and prices under the threat of interrupting vital production"; and, thirdly, by our "psychological vulnerability to inflation" after a decade of it and 20 years of pro-inflationary bias on the part of the Government.

"If we look at the past two years as a whole," Mr. Thompson said at Houston, "it is clear that we have had quite an inflation." Add the facts that the budget may be higher in fiscal years 1953 and 1954. "Fi-

nally, we have relied upon some measures to curb inflation that we cannot and should not continue to rely upon for very long . . . the system of direct price and wage controls and some of the kinds of taxes that have been imposed, notably the excess profits tax."

Two needs are "firm use of general monetary policy as a major instrument for restraint of inflation" and "self-restraint by politically and economically powerful groups."

The change of Federal Reserve System policy, under which it "regained the initiative in the use of its monetary powers," has made an "important contribution to checking inflation."

### **Requirements for Efficient Application**

Combatting a recession he calls politically easier because "the problem is to encourage or enable people to do things they would like to do but are afraid to do or don't have the money to do."

However, two important favors are (1) timing, for "if an attempt is made to give the economy a shot in the arm whenever it shows signs of leveling out the result is likely to be permanent inflation," and (2) "if emergency action to check a recession is necessary, we should try to choose measures that are consistent with our long-run objectives."

Repercussions of the defense program on economic growth may arise from our gearing up to the expectation of growth, in labor contracts anticipating future productivity increases, in business investments plans, in the pressures for social and welfare programs, and because "our national security depends upon our superior productive capacity."

Requirements listed for efficiency are (1) broad outlines for achievement of objectives at least cost; (2) a responsible and well-balanced approach from our military officials; (3) consideration to setting up a commission of civilians to review security policies as a whole; and (4) more economical execution of policies and plans.



**J. CAMERON THOMSON**  
President, Northwest Bancorporation

# Guides to Improved Executive Operation

## KEEPING INFORMED

**ESTABLISHING AND OPERATING YOUR OWN BUSINESS.** 42 pp. Price 35c. Of interest to those who plan operating a business. Highlights are major problems involved in the complex task of planning, opening and operating a business. Included are a questionnaire on personal qualifications, guide for selecting a location, and comprehensive check list for establishing a business. U.S. Department of Commerce, 221 N. LaSalle St., Chicago, Ill.

**STATISTICAL SERVICES OF THE UNITED STATES GOVERNMENT.** 78 pp. Want to know where to find statistics on schools, employment, prices, housing, foreign trade? This booklet tells about the government's programs for gathering data, how the figures are collected, and where you can get them. Price 45c. Supt. of Documents, Washington 25, D.C.

**ONE CHANGE THAT MADE ALL THE DIFFERENCE—Case History No. 849.** In this case history on invoicing procedures, the booklet illustrates how printed proof computing with the 10-key Printing Calculator solved a "peak load" billing problem. Write Remington Rand, Inc., 315 Fourth Ave., New York 10, N.Y.

*Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.*



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## EFFICIENCY TIPS

264—A. B. Dick Company will send free samples of the A. B. Dick Cleen-Seal Master Set (master units and spirit carbons) and catalog of supplies for spirit duplicators.

265—Convoy, Inc., manufacturing Chem-Board Storage files, has just issued a new descriptive folder and price list on 14 standard size Chem-Board files.

266—International Business Machines Corporation's "IBM Service for Banks" covers every phase of accounting likely to be encountered in banking, tells how IBM equipment and services can help coordinate administrative functions.

267—Graphic Systems' "Boardmaster Visual Control System" describes operation of the Boardmaster and contains material and illustrations indicating application of this system to all types of organizations. Steps in planning and setting up such systems are covered. Included are a sample Boardmaster sheet and sample strips to help plot your own visual control system.

268—Executone, Inc., in its booklet, "How Executone Helps Cut Costs," gives complete details and features on how the use of the Executone Intercommunication System will save your company the time formerly wasted by shuttling between offices for information.

269—Vue Fax Corporation will send you a new illustrated brochure covering its complete line of vertical visible record-keeping systems. Ask for "Vue Control Facts with Vue-Fax."

270—Mosler Safe Company reports: By turning the dial of a fire-risk calculator, the "Fire Dangerator," available without charge, a businessman may find out in a few seconds if the fire protection he now has is sufficient to protect records in case of fire. The calculator will evaluate 17 important risk factors.

## BOOK REVIEWS

**BIG BUSINESS METHODS FOR THE SMALL BUSINESS.** Edited by Robert S. Holzman and A. Kip Livingston. Price \$5. Harper & Brothers, 49 E. 33rd St., New York 16, N.Y.

† This book is tailored to fit the requirements of executives in small business, and offers expert managerial knowledge and guidance which ordinarily would be available only to a large corporation. Twelve outstanding authorities interpret the latest and best practice in essential aspects of modern business operation, covering budgeting, finance, banking, personnel, pensions, profit sharing, advertising, law, insurance, taxes, office systems and profit control. It is organized in a question-answer form designed to provide easy reference to any specific topic in daily office use. The pooled knowledge presented gives every business executive direct access to well-seasoned advice that big corporations have paid for, over many years of expensive research and experiment, and have found successful under today's business conditions.

**SHOWMANSHIP IN PUBLIC SPEAKING.** By Edward J. Hegarty. \$3.75. McGraw-Hill Book Company, Inc. 330 W. 42nd St. New York 36.

† Based on the theory that in order to stimulate and maintain the attention of an audience, and to make a speech interesting as well as informative, every speaker must be a showman, Mr. Hegarty's book gives the reader the benefit of his 30-odd years of speaking experience. He endeavors to show how to develop persuasive speaking techniques. The important tools of a good speaker are discussed in detail. Chapters on mechanics of showmanship offer information on testing material for its interest; handling notes, charts and printed matter; overcoming nervousness; warming up a cold audience and keeping listeners alert. Finally, there is a compact review of the book to aid those required to make a speech in a hurry. There are hundreds of practical ideas and suggestions.

*Books reviewed or mentioned in these columns are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.*



# LETTERS TO THE EDITOR

## SOURCE FOR RESEARCH

"I was asked by our management to prepare information relative to various aspects of the cash discount. Unfortunately, the amount of time permitted one to delve into such a project as this is extremely short. Mr. Irvin Zimet referred me to three articles in **CREDIT AND FINANCIAL MANAGEMENT**. I was very pleasantly surprised to discover that these covered the information I was seeking.

"I further learned that much had been written, pro and con, on the subject of cash discounts and that the Credit Research Foundation of the National Association of Credit Men had published a most enlightening study of the whole field. A request for help from Bob Gardineer brought a quick answer, with facts and figures to more than answer the problems confronting us.

"Hereafter when we are confronted with a problem requiring considerable research in a short period of time, our first efforts will be directed to our accumulated issues of **CREDIT AND FINANCIAL MANAGEMENT**."

T. O. METCALF,  
Assistant Secretary, Toledo Scale Company, Toledo, Ohio

## VALUE FOR ATTORNEYS

"I find **CREDIT AND FINANCIAL MANAGEMENT** replete with articles which should be of much interest not only to credit men and businessmen but also to attorneys and referees in bankruptcy.

"I look forward particularly to 'Legal Rulings and Opinions' and the monthly editorial of the executive vice president."

SAUL BERMAN,  
Referee, United States District Court, Hartford, Conn.

## C.F.M. AT MEETINGS

"At a session of the chapter program committee, of which I am chairman, the thought was presented that there should be more audience participation at the monthly meetings. It was decided to apply your magazine's credit symposium feature.

"We pulled out an old chestnut for the following meeting—'Should Salesmen Help to Collect Accounts?' It was, to say the least, an immense success. Too often we all lose sight of the fact that people don't want to just sit; they would like an oppor-

tunity to participate. The feature's initial success has convinced us of its place on our programs.

"I pass this along to you with the thought that other chapters might like to try the same thing at their meetings."

LEON J. COMEAU, JR.  
Assistant Credit Manager, White Fuel Corporation, Boston, Mass.

## INSURANCE COVERAGE

"You have done a magnificent job in presenting the subject of Insurance as it relates to Credit."

GEORGE V. ERICKSON  
Division Credit Manager, Socony-Vacuum Oil Company, Kansas City, Mo.

## REQUESTS REPRINTS

"We are extremely interested in an article in the November issue.

"Would it be possible to get reprints of pages 8, 9 10 and 11 which cover the article 'Good Credit Training for Better Salesmen'?"

BERNICE R. SCHAFER,  
Sales Secretary, Duge Distributing Company, Cleveland, Ohio

## FOR DEFINITE OPINIONS

"It is refreshing to get a cross section of opinion on controversial subjects. Too frequently I feel that the writers have taken a middle-of-

the-road stand, but as these discussions continue, it is possible the writers will be more definite.

G. R. LOWELL,  
Credit Manager, The Miami Herald, Miami, Fla.

## PLACE TO GET IDEAS

"I find **CREDIT AND FINANCIAL MANAGEMENT** magazine quite interesting. The most valuable articles are those on procedures, which I search for ideas which may improve our own procedures. I also scan the section on new equipment for items which we may be able to use in our office."

LEWIS C. LEE,  
Partner, S. N. Lee Company, Ltd., San Antonio, Texas.

## FOR DIVISION MANAGERS

"An article in the November issue of your excellent publication is causing considerable interest to our various division managers. I would appreciate your cooperation in supplying us with six copies."

JOHN J. McMACKIN,  
Vice President, American Express Field Warehousing Corp., New York, N.Y.

## EFFICIENCY TIPS

"Your Efficiency Tips column and all your Guides to Improved Executive Operation make **CREDIT AND FINANCIAL MANAGEMENT** one of the top issues in the field."

JAMES E. MURPHY,  
Senior Student, University of Notre Dame in Commerce, Notre Dame, Indiana.

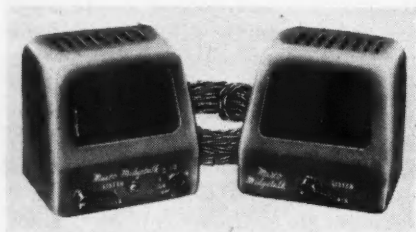


WELCOMING S. J. (BUD) HAIDER to his new post as secretary and executive manager of the Minneapolis Association of Credit Men are (l to r) John Ledbetter, secretary and general credit manager of Northrop King & Company, and past president of the Minneapolis association and past N.A.C.M. director; W. W. Hill, credit manager, Northern States Power Company, and vice president of the Minneapolis association; Miss Blanche Scanlon, assistant manager, Nash Coffee Company, and association president; with Mr. Haider, formerly assistant executive manager, N.A.C.M. and manager of the national association's Credit Interchange Bureaus.



# Modernizing for Office Efficiency

*introducing new office equipment and systems to effect economies in labor and costs, as well as to speed production of essential office work*

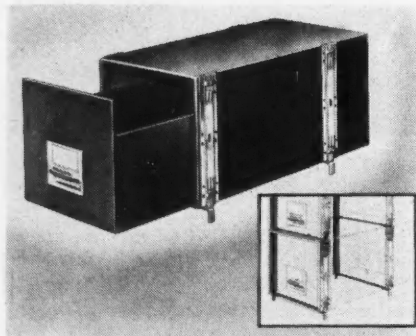


## 2-Station Intercommunication

"Masco Midgetalk" is not double-talk but the name of the new two-station intercommunication system made by Mark Simpson Mfg. Company, Inc., 32-28 49th St., Long Island City, N.Y. Consisting of one master station and one remote station, the Midgetalk is simple to install and operate. The remote station can be wired either for private or non-private operation. The master station has on-off pilot light and switch, and volume control. Both stations have a press-to-talk switch so a call can originate on either. It also can be used as a two-way paging system. The complete system, with 50 feet of cable, is available in mahogany and white, and lists for \$43.25.

## Self-Stacking Transfer Files

The need of low-cost transfer files that will stack one atop the other without shelving—and still not bulge, which causes drawers to stick and bind—has been answered by the Bankers Box Company, 720 S. Dearborn St., Chicago 5, Ill. Announced is a new corrugated fibre-board drawer file that "builds its own steel shelving as units are stacked." Staxonsteel transfer files are engineered so that factory-applied steel side-plates and horizontal stackers carry the load at all four points of weight and strain. Each unit is



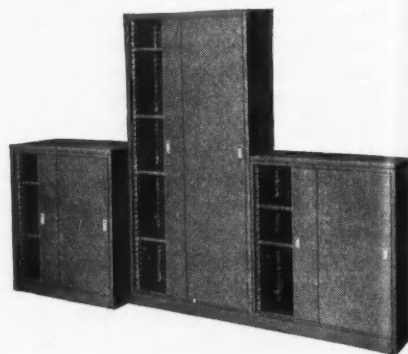
shipped flat, is assembled quickly and easily, making a complete durable file drawer and shell which becomes part of the sturdy steel structure as other units are stacked above it. Steel side-plates, punched with keyhole slots for bolting units together side by side, permit the file drawers to be interlocked horizontally as well as vertically. A combination drawer-pull and file index card holder is recessed to fit the hand, and there is a hand hold in the back of each drawer to make carrying easy when it is necessary to remove drawers. Because of the modern office grey finish on all corrugated fibre-board portions, the files can be installed in general offices or record retention rooms.



## Magnetic Recording Machine

The Rex Recorder, using the magnetic principle of recording, is said by the manufacturer, American Dictating Machine Company, Inc., 65 Madison Ave., New York 16, N.Y., to provide recording free of surface and background noise, on a disc that may be reused 10,000 times or more. Spot corrections may be made by dictating over mistakes. A perfect marking of length of letters and corrections is claimed, with word or phrase backspacing. The machine may be had in three different units—the dictating unit with microphone; the transcribing unit with choice of headset and foot pedal; and a combination equipped for use as dictator or transcriber.

*When writing to the makers of these products please mention that you read about them in CREDIT AND FINANCIAL MANAGEMENT.*



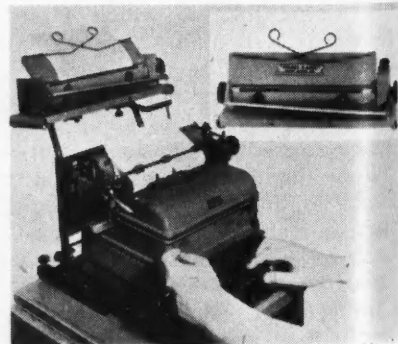
## Two-Feature Storage Cabinets

Both sliding doors and sliding shelves are features of the new "Flexi" Storage Cabinets, manufactured by the Borroughs Manufacturing Company, 3002 N. Burdick, Kalamazoo, Mich. Made of heavy gauge steel, they have adjustable shelves that require no bolting, and the sliding doors are said to be removable without tools in a few seconds. Sizes available are 38"x42"x18", 33"x78"x12" and 38"x42"x12".

## Select-A-Line Copy Holder

Their new Model No. 8 Copy Holder is said by the manufacturers, Select-A-Line Company, 6523 Euclid Ave., Cleveland, Ohio, to be instantly variable to accommodate any spacing from fine newspaper print through six standard typewriter lines. Loaded the same as a typewriter, the copy rolls through at preset spacings by touch on an activating bar, or manually by a knob at either end. Foot pedal control also is available. The back-up plate is adjustable to change the angle of copy, and copy can be turned in either direction. Adjustable paper bail prevents copy from

*(Concluded on opposite page)*



## Select-A-Line (Begun on p. 32)

falling forward. Of aluminum and steel construction, gray crackle finish, it is available in models to accommodate paper 9, 12, 15 or 18" wide. A vibration-free stand presents copy above and behind the typewriter roll, and will fit into the desk with the typewriter. Said to be excellent for working from financial records, legal material, business forms and statistical data.

## Prints 100 Labels a Minute

The Tag-O-Graph machine is manufactured by the Weber Addressing Machine Company, 200 West Central Road, Mount Prospect, Ill. It prints, addresses or marks, counts and cuts-to-size shipping and identification labels in one operation. Tag-O-Graph is now available in an electric model, KC-E. A roll of gummed or ungummed label stock is automatically fed through the machine with a resulting 100 labels a minute, counted and cut to



size. The size may vary from  $\frac{7}{8}$ " to  $3\frac{1}{4}$ " in height and 2" to 6" in width. The counter may be pre-set for the desired number; the machine shuts off when the last label has been printed. The stencil is prepared with typewriter or by hand with stylus. No other treatment or equipment for preparation is required. Overall size of the machine is 9" x 20" x 11", the weight 28 pounds.

## Rotary Cross Filing Featured

Ferris Business Equipment, Inc., 244 Great Meadows Road, Stratford, Conn., offers a rotary file featuring removable baskets in balanced trays. The file, which can be rotated in either direction, has a capacity of 13,000 cards, although it occupies only three square feet of floor space. New features include a hand brake

## PREPAREDNESS

*A story of preparedness a year ahead of the event backgrounds the recent news announcement of the granting of the first passport by the new state of Israel.*

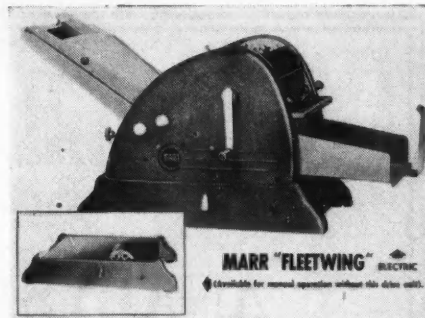
*For almost a year the Cummins-Chicago Corporation had held in a New York warehouse an automatic numbering perforator earmarked for Israel. Immediately following passage of the long-delayed Israeli nationalization law, a diplomatic courier was on his way with the machine. A special die block, with Hebrew characters on one ring, had been installed to expedite delivery.*

which locks the tray wheel in any desired position, even after several trays have been removed. An attached posting shelf permits posting at the file and folds out of the way when not in use. A compression follower block for tabulating cards is another new feature. Constructed of heavy steel, the cabinet is mounted on casters and has a locking slide cover which protects the records when the unit is not in use.



## Low Price Mimeo-Duplicator

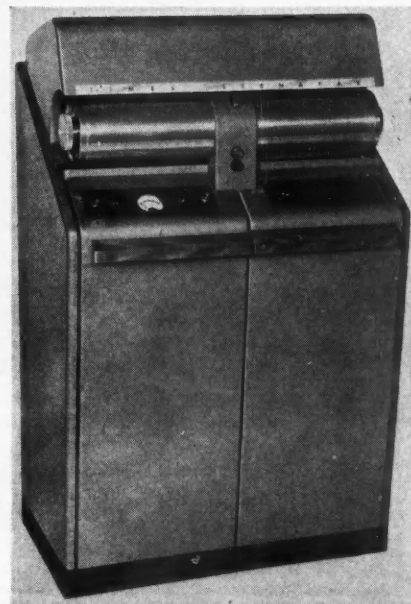
The ingenious use of a specially designed portable drive unit makes the new Fleetwing one of the lowest priced electric mimeo-duplicators on the market, according to the manufacturers, Marr Duplicator Company, Inc., 53 Park Pl., New York 7, N.Y. The machine prints up to 5,000 sheets an hour and runs a wide variety of stocks (or even folders) from 3" x 5" to 9" x 16" sheets. The Fleetwing has auto-



matic, positive, single sheet (no doubles) continuous load feed, and its automatic counter counts only printed sheets. A new exclusive inking system is for keeping both the job and operator clean. While the device has a two-speed drive, it is also available without the electric drive for manual operation.

## Makes Permanent Stencils

The Stenafax Reproducing Machine, as emphasized by the manufacturers, Times Facsimile Corporation, 540 West 58th St., New York 19, makes mimeograph stencils entirely automatically in six minutes. It employs an optical scanning arrangement to make stencils, on durable plastic sheets, of forms, letters, line drawings and layouts of all kinds. These can be used for 5,000 to 10,000 copies on regular mimeograph equipment. Single copies (positives) of graphic material also may be made, using a special recording paper, with a maximum size of 10" x 15". Copy may consist of several sections, as it is clamped under a transparent film on the drum. The sharpness of reproduction from a Stenafax stencil is said to be comparable to that of a 144-line halftone screen. The manufacturers will be glad to send full details.



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**229 Fourth Avenue**

**New York 3, N. Y.**



# CREDIT MANAGEMENT

*Highlighting News Activities—National, Regional, Local*

## Group Leaders in Action for Montreal Convention

By G. J. LECLERC

*The B. F. Goodrich Rubber Co. of Canada, Ltd.*

Chairman, General Industry Meetings Committee

**D**RAW a circle around Tuesday, May 19, on your desk calendar. That will be one of the most important days of your 1953, for it has been designated Industry Group Day at the Second International Credit Congress and 57th Annual Convention of the National Association of Credit Men. The Congress, to be held jointly with the Canadian Credit Men's Trust Association, Ltd., will open May 17th and run through May 21st. Montreal, Quebec, is the host city.

The profession's general recognition of the values derived from the Group meetings, with authorities presenting addresses and leading panels, and with the general participation of credit men and women in the discussions, confirms the wisdom of the traditional suspension of general convention sessions for the day. The 26 Industry Groups, convening morning and afternoon, take time off for only the luncheon breathers.

Most of the industry meetings will be in the Windsor hotel, the convention headquarters; others will be in the Sheraton-Mount Royal, the Laurentien, the DeLaSalle and the Ritz Carlton hotels. All of these hotels are but a short distance from the Windsor. Industry luncheons have been scheduled for several general groups where those attending sessions of wholesalers will join up with representatives of manufacturing firms for their industry luncheons.

While the programs are still in the making, it is to be noted that panel discussions will be emphasized, while addresses by outside business leaders will be outstanding. Members of the Canadian Credit

Men's Trust Association will take part in several of these panel sessions.

The programs are being formulated so that the entire attention of the delegates will be directed toward their industry meetings from 9:00 o'clock in the morning until 5:30 in the afternoon.

With the sole objective of the Group sessions to pool experiences in solution of the problems of today in each field of operation, the committees, with personnel from both sides of the border, invite your suggestions of subjects to be placed upon the agenda for airing.

Another benefit of the Group meetings, attested by credit folk after attendance at the conventions, is the exchange of ideas that inevitably ties into the acquaintanceships formed or renewed on Group Day.

From members of the general convention committees we learn that Montreal is polishing the key of

hospitality to open wide the door of fraternal friendship to delegates, for a concentration of educational meat topped off with social dessert. Besides the general program, now moving beyond the formative stage, entertainment committees are pushing their plans to make your stay in the Show City of Montreal unforgettable.

Personnel of the committees of the various Industry Groups includes the following names to date:

### Advertising Media

*Chairman*—G. W. SITES, Times-Mirror Co., Los Angeles, Calif.

*Vice Chairmen*—MORRIS W. COFFMAN, Dayton Daily New-Journal Herald, Dayton, Ohio; GERALD S. PASQUIER, Times Publishing Co., Shreveport, La.; L. F. SULLIVAN, Register & Tribune, Des Moines, Iowa.

*Secretary*—W. H. M. COOKE, The Montreal Star Co., Ltd., Montreal, Que.

*Treasurer*—ALEX C. MCCLELLAND, Philadelphia Inquirer, Philadelphia, Pa.

*(Continued on following page)*



CANADIAN LEADERS of organized credit at one of their almost daily huddles in preparation for the Second International Credit Congress of the National Association of Credit Men and the Canadian Credit Men's Trust Association, Ltd., and the 57th annual Convention of the N.A.C.M., in Montreal May 17-21. Left to right: Charles P. Dumas, manager and secretary-treasurer, C.C.M.T.A.'s Quebec Division; Eric T. C. Burke, general manager, C.C.T.M.C.; Colin C. Campbell, vice president and secretary-treasurer of W. Clark Limited and governor of the Quebec division, general convention chairman; and Ralph N. Parsons, credit and collection manager of Canadian Cottons, Limited, and president of the association's Quebec division.

# Group Leaders for Montreal

(Continued from preceding page)

## Automotive

**Chairman**—F. H. BYDEWELL, Dominion Rubber Co., Ltd., Montreal, Que.

**Vice Chairman**—J. H. CAVANAUGH, McCord Corp., Detroit, Mich.

**Committee Members**—MRS. DORTA BETTS, Wel-Ever Piston Ring Co., Toledo, Ohio; C. W. CATTEN, General Tire & Rubber Co., New York, N. Y.; J. J. LAPUTKA, R. M. Hollingshead Corp., Camden, N. J.; S. J. RODWATER, Motor Car Supply Co., Charleston, W. Va.

**Counsellor**—MISS KATHRYN M. SIRC, Edgar A. Brown, Inc., Cleveland, Ohio.

## Bankers

**Chairman**—WILLARD L. BURBANK, Chase National Bank, New York, N. Y.

**Vice Chairman**—T. W. JOHNSON, Security First National Bank, Los Angeles, Calif.

**Committee Members**—J. V. CORRIGAN, The Royal Bank of Canada, Montreal, Que.; WILLIAM M. EDENS, Continental Illinois National Bank & Trust Co., Chicago, Ill.; ROBERT L. GRIFFIN, National Bank of Detroit, Detroit, Mich.; E. J. PULTON, Bank of Montreal, Montreal, Que.; RODGERS L. WYCKOFF, Liberty National Bank & Trust Co., Louisville, Ky.

## Brewers, Distillers and Liquor Wholesalers

**Chairman**—J. A. DESROCHERS, Dow Brewery Limited, Montreal, Que.

**Vice Chairman**—HENRY THIBAUT, Hiram Walker & Sons, Ltd., Montreal, Que.

**Committee Members**—DARWIN J. BONE, United Liquors, Ltd., Boston, Mass.; MISS HELEN E. GODSIL, Federal

Wine & Liquor Co., Jersey City, N. J.; HOMER P. STRALE, Goebel Brewing Co., Detroit, Mich.; WHEELER WOLTERS, Capital Liquor Co., Milwaukee, Wis.

## Building Material and Construction

**Chairman**—W. G. MARKS, Building Products, Ltd., Ville LaSalle, Canada.

**Vice Chairman**—A. E. WILLIS, Canada Cement Co., Ltd., Montreal, Que.

**Committee Members**—HOWARD J. FICHTNER, Detroit Steel Products Co., Detroit, Mich.; ROBERT J. PLATTNER, The Atlantic Lumber Co., Boston, Mass.; R. S. THOMPSON, Houston-Starr Co., Pittsburgh, Pa.; S. R. TRYTHALL, Hallock & Howard Lumber Co., Denver, Colo.; W. C. WILLIAMS, Gordon-MacBeath Hardwood Co., Oakland, Calif.

## Cement

**Coordinating Chairman and Executive Secretary**—ELLIOT BALESTIER, JR., Cement Credit Division, N.A.C.M., Hackensack, N. J.

**Chairman, Eastern Group**—FRANK J. DUSTEN, Lone Star Cement Corp., Bethlehem, Pa.

**Chairman, Central Group**—J. C. HOFFMAN, Huron Portland Cement Co., Detroit, Mich.

**Chairman, Southern Group**—WILLIAM C. ANDERSON, Marquette Cement Manufacturing Co., Memphis, Tenn.

**Chairman, Western Group**—WILLIAM J. BRAMMAN, JR., Missouri Portland Cement Co., St. Louis, Mo.

## Chemical

**Chairman**—JOSEPH C. LYNCH, Pacific Coast Borax Co., New York, N. Y.

**Vice Chairmen**—RICHARD G. KEYES,

Mathieson Chemical Corp., Baltimore, Md.; H. E. POTTER, Mallinckrodt Chemical Works, Ltd., Montreal, Que.

**Committee Members**—LOUIS CANDEE, L. Sonneborn Sons, Inc., New York, N. Y.; H. J. GAVIGAN, Dow Chemical Co., Pittsburg, Calif.; R. E. JOHNSON, B. F. Goodrich Chemical Co., Cleveland, Ohio.

## Confectionery Manufacturers

**Co-Chairmen**—J. J. MILLAR, Wm. Neilson Co., Toronto, Ont.; L. VEGHTE, Beech-Nut Packing Co., Canajoharie, N. Y.

**Vice Chairman**—MISS ANTOINETTE REHRAUER, Peerless Confection Co., Chicago, Ill.

**Committee Members**—MISS IRENE AUSTIN, Carr-Consolidated Biscuit Co., Chicago, Ill.; NEIL CASHMAN, Leaf Brands Inc., Chicago; BENONI G. GREEN, Paul F. Beich Co., Bloomington, Ill.; ROBERT GETTY, Rockwood & Company, Brooklyn, N. Y.

## Drugs, Cosmetics and Pharmaceuticals

**Chairman**—S. APPUGLIESE, National Drug & Chemical Company of Canada, Ltd., Montreal, Que.

**Vice Chairmen**—WILLIAM L. BUSCH, Charles Pfizer & Co., Inc., Brooklyn, N. Y.; P. SIGNEY KERNION, Meyer Brothers Drug Co., Inc., New Orleans, La.; CHARLES E. REID, Gilman Brothers, Inc., Boston, Mass.; HARRY O. SCHECK, American Safety Razor Co., Brooklyn, N. Y.; ROLLO S. THURLOW, Fox-Vliet Drug Co., Wichita, Kans.

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**Vice Chairman**—DONALD B. SHAW, Howard Sams & Co., Inc., Indianapolis, Ind.

**Committee Members**—WARD L. BERRY, Ward Leonard Electric Corp., Mt. Vernon, N. Y.; ARTHUR S. BURDICK, Pryne & Co., Inc., Pomona, Calif.; FLOYD A. FERGUSON, Westinghouse Electric Manufacturing Co., Mansfield, Ohio; CHARLES L. KENYON, General Electric Co., Schenectady, N. Y.; W. L. MONTGOMERY, Canadian General Electric Co., Ltd., Montreal, Que.; J. W. SMITH, Northern Electric Co., Ltd., Montreal.

## Electrical and Radio Wholesalers

**Chairman**—M. FRANK, Union Electric Supply Co., Ltd., Montreal, Que.

**Vice Chairman**—W. B. WHALEY, Graybar Electric Co., Jacksonville, Fla.

**Committee Members**—L. F. BRADLEY, Arnold Wholesale Co., Cleveland, Ohio; MISS FLORENCE BURT, RCA Victor Distributing Corp., Chicago, Ill.; C. A. COLLINS, Eastern Company, Cambridge,



**PLANT VISITATION** was the agenda of a dinner meeting of members of the St. Joseph Chapter, N.A.C.M., as guests of the Twin Branch plant of the Indiana and Michigan Electric Company at South Bend. W. G. Niederbauer, the company's local office manager and second vice president of the association, arranged the gathering. P. D. Dilley, South Bend district manager of the company, showed a film of the operation, and W. M. Yeknik, Twin Branch division manager, explained the intricacies of power generation. Left to right: Mr. Niederbauer; Mr. Dilley; L. T. Flatley, of Price, Flatley & Co., association president; H. A. Sager, supervisor in charge of plant operation; A. L. Cotner, of The H. D. Lee Company, association first vice president; and W. J. Wissel, secretary-manager.



Mass.; H. L. COTTRELL, General Electric Supply Co., Detroit, Mich.; LUCIEN GRANDMONT, Ideal Electric, Inc., Montreal, Que.; PAUL F. WILBER, Zenith Radio Distributing Corp., Chicago.

#### Floor Coverings and Furniture

**Chairman**—PRESTON D. MITCHELL, Bigelow Sanford Carpet Co., New York, N. Y.

**Vice Chairmen**—MISS RUBY BURBANK, Virtue Brothers Manufacturing Co., Los Angeles, Calif.; CHARLES A. SUMNER, Bird & Son, Inc., E. Walpole, Mass.

**Committee Members**—T. NELSON GILBERT, Mohawk Carpet Mills, Amsterdam, N. Y.; J. E. HURST, Toronto Carpet Manufacturing Co., Ltd., Toronto, Ont.; JOHN J. SCHWALBACH, Land O'Nod Co., Minneapolis, Minn.

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**Chairman**—A. W. DAVIDSON, Lever Brothers Limited, Toronto, Ont.

**Vice Chairmen**—R. L. ALLEN, D. Ghirardelli Co., San Francisco, Calif.; W. G. KROMER, The Quaker Oats Co., Chicago, Ill.; H. J. PETERSON, Gerber Products Co., Fremont, Mich.

**Committee Members**—ELMER J. AGNEW, Campbell Soup Co., Camden, N.J.; S. M. COLE, Ralston Purina Co., St. Louis, Mo.; W. H. MERRICK, Green Giant Co., LeSueur, Minn.

#### Food Products Wholesalers and Meat Packers

**Chairman**—I. R. MELHUISH, Canada Packers Limited, Toronto, Ont.

**Vice Chairman**—Y. HUDON, Hudon & Orsali Ltee, Montreal, Que.

#### Hardware Manufacturers

**Chairman**—R. B. PAYNE, National Screw & Manufacturing Co., Cleveland, Ohio.

**Vice Chairman**—C. E. PITMAN, The Steel Company of Canada, Ltd., Montreal, Que.

**Committee Members**—W. R. HAAVIND, Stronghold Screw Products, Inc., Chicago, Ill.; ROBERT LUNDEEN, Grand Rapids Hardware Co., Grand Rapids, Mich.; CARL A. STEPHEN, Hoggson & Pettis Manufacturing Co., New Haven, Conn.

#### Hardware Wholesalers

**Chairman**—R. DESERRES, Omer Deserres, Limitee, Montreal, Que.

**Vice Chairman**—H. PRUD'HOMME, A. Prud'homme & Fils Ltee, Montreal.

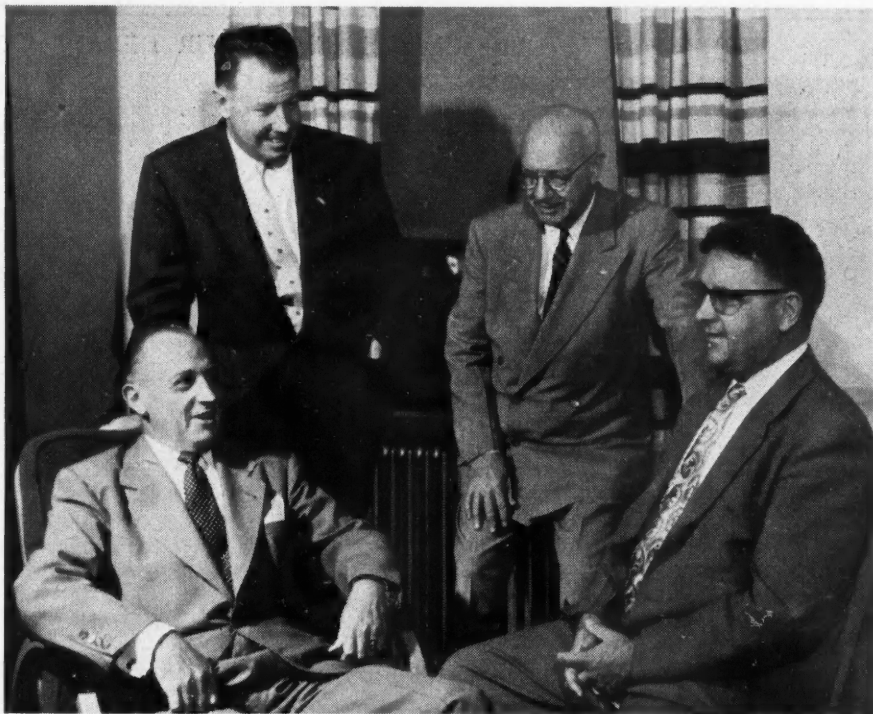
**Committee Members**—FRANK V. BARNETT, Masback, Inc., New York, N.Y.; C. N. BOYD, Kelley-How-Thomson Co., Duluth, Minn.; RICHARD F. NEWTON, J. Russell & Co., Holyoke, Mass.; J. H. REESE, Salt Lake Hardware Co., Salt Lake City, Utah.

#### Insurance

**Chairman**—RALPH E. BROWN, Marsh & McLennan, Inc., St. Louis, Mo.

**Co-Chairman**—E. A. LUTHER, National Surety Corp., Chicago, Ill.

**Vice Chairmen**—DAVID Q. COHEN, Association of Casualty & Surety Com-



**NATIONAL AND LOCAL executives meet when N.A.C.M. president addresses the Charleston (W. Va.) Association of Credit Men. Seated are Victor C. Eggerding (left) and John M. Hamric, president of the local organization. Standing (l to r) are Ralph H. Smith, Charleston's executive secretary, and George N. Nippert, executive secretary of the Tri-State Credit and Adjustment Bureau.**

panies, New York, N.Y.; L. A. FITZGERALD, American Mutual Alliance, Chicago, Ill.; GEORGE G. TRAVER, National Board of Fire Underwriters, New York, N.Y.

**Secretary**—HAROLD PARKER, Chase National Bank, New York, N.Y.

#### Iron and Steel, Non-Ferrous Metals, Raw Materials and Allied Lines

**Chairman**—J. LANGLEY, Drummond, McCall & Co., Ltd., Montreal, Que.

**Vice Chairman**—V. W. HAYDEN, Chase Brass & Copper Co., Waterbury, Conn.

**Committee Members**—W. BRUCE CASHMORE, Alan Wood Steel Co., Conshohocken, Pa.; J. P. CHOLETTE, Aluminum Company of Canada, Ltd., Montreal; WALTER CHURCHILL, Williams & Co., Pittsburgh, Pa.; T. A. JOHNSON, Youngstown Steel & Tube Co., Youngstown, Ohio; W. H. LANG, United States Steel Co., Pittsburgh.

#### Machinery and Supplies

**Chairman**—E. H. NEVIN, Mussels Canada, Ltd., Montreal, Que.

**Vice Chairman**—G. MORRISON, Just Equipment & Supply Co., Ltd., Montreal, Que.

**Committee Members**—F. M. BAXTER, Food Machinery & Chemical Corp., San Jose, Calif.; MRS. ERA M. BRINDLEY, Corkens, Inc., Oklahoma City, Okla.; P. H. A. CORISTINE, Hewitt Equipment, Ltd., Montreal, Que.

#### Oil Field Services and Supplies

**Chairman**—J. B. MENSING, National Supply Co., Pittsburgh, Pa.

**Vice Chairman**—FRED J. BARNETT, Black Sivalls & Bryson, Inc., Kansas City, Mo.

**Committee Members**—D. R. DILLHAY, Lane-Wells Co., Oklahoma City, Okla.; H. W. FULLER, Mid-Continent Supply Co., Fort Worth, Texas; W. L. HOLMES, Schlumberger Well Surveying Corp., Houston, Texas.

#### Paint, Varnish, Lacquer and Wallpaper

**Chairman**—E. A. GRIMES, The Martin-Senour Co., Ltd., Montreal, Que.

**Vice Chairman**—C. O. LAMBERT, Brandram-Henderson, Ltd., Montreal.

**Committee Members**—ARTHUR FUCHS, National Lead Co., New York, N.Y.; R. L. NEWBURN, W. P. Fuller & Co., Oakland, Calif.; NOEL J. ROE, O'Brien Corporation, South Bend, Ind.; JOSEPH M. SANGAILA, Pittsburgh Plate Glass Co., Boston, Mass.

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**Vice Chairman**—HAROLD P. RODDICK, The E. B. Eddy Co., Hull, Canada.

**Committee Members**—GORDON F. McENNIS, Nashua Gummed & Coated Paper Co., Nashua, N.H.; L. V. PARK, T. B. Little Papers, Ltd., Montreal, Que.; A. RIENDEAU, Dominion Paper Co., Montreal.

#### Petroleum

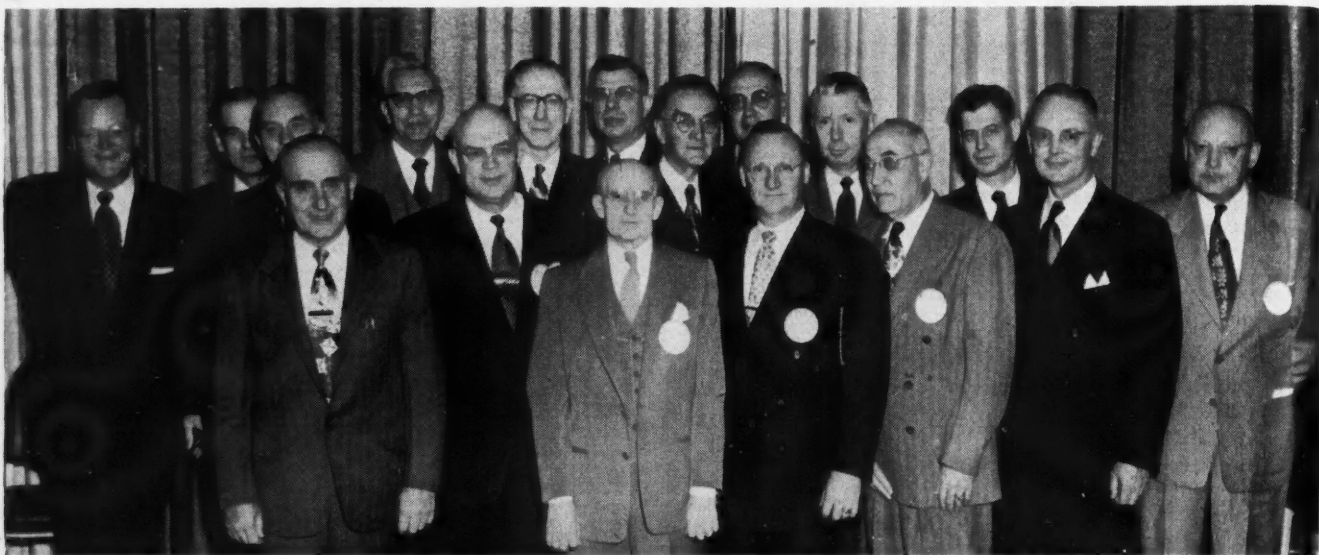
**Chairman**—R. W. WEILER, The Texas Co., New York, N.Y.

**Vice Chairman**—H. M. BARRENTINE, Skelly Oil Co., Kansas City, Mo.

**Committee Members**—M. V. JOHNSTON, Gulf Oil Corp., Pittsburgh, Pa.; J. P. McLAUGHLIN, Richfield Oil Corp., Los Angeles, Calif.; E. P. SIMMONS,



## EIGHTEEN PAST PRESIDENTS HEAR FOUR DEBATE COMPROMISE SETTLEMENTS



**FOUR** of 18 past presidents of the Omaha Association of Credit Men presented a lively debate as a center of program interest at a testimonial to former organization leaders and their wives. Affirmative arguments on the subject of compromise settlements were advanced by Norbert G. Bausch, H. W. Miller Electric Co., and H. C. Zimmerman, Baker Manufacturing Co. Opposing such settlements were J. C. Conley, of Wright & Wilhelmy Co., and W. H. Johnson, Wilson Packing Co.

A plaque was presented to John T. Brammann, general credit manager, U.S. Supply Co., for 48 years of consecutive membership in the association.

The 18 past presidents at the event included: (front row, l to r) Mr. Zimmerman; E. K. Cochran, Field Paper Co.; J. T. Cunningham, Pioneer Glass & Paint Co.; C. W. Gardiner, Merchants Biscuit Co.; G. O. Gill, World Publishing Co.; C. R. Moore, Capitol Supply Co., Lincoln, Neb.; (second row) D. H. Baldwin, Cook Paint & Varnish Co.; Frank H. McCall, Fairmont Foods Co.; H. R. Burke, Eggers-O'Flying Co.; H. E. Storm, Fairmont Foods Co.; O. H. Elliott, First National Bank; Mr. Johnson; Mr. Brammann; M. C. Lamb, Morris Paint & Varnish Co.; Mr. Conley; Mr. Bausch; Edwin N. Solomon, First National Bank. Present but not shown: Stephen J. Wirtz, Omaha National Bank.

Magnolia Petroleum Co., Dallas, Texas.  
Chairman, Program Committee—W. J. HARKIRK, British American Oil Co., Toronto, Ont.

### Photographic Manufacturers and Distributors

Chairman—KIRK FISHER, Argus Cameras, Inc., Ann Arbor, Mich.  
Vice Chairman—H. P. JAY, Canadian Kodak Co., Toronto, Ont.  
Committee Members—S. B. BIRGER, Hornstein Photo Sales, Inc., Chicago, Ill.; R. H. GROFFE, Arel, Incorporated, St. Louis, Mo.; F. J. LORD, Polaroid Corp., Cambridge, Mass.; MRS. MARY F. RADFORD, Busch Camera Corp., Chicago, Ill.; H. S. TEWKSBURY, Ansco, Inc., Binghamton, N.Y.

### Plumbing, Heating, Refrigeration and Air Conditioning

Co-Chairmen—GEORGE C. MEIKLE, Crane Limited, Montreal, Que.; F. G. ZIMMERMAN, General Electric Co., Bloomfield, N.J.  
Committee Members—WILLIAM E. SLOAN, Somerville Iron Works, New Castle, Pa.; E. C. VORLANDER, Minneapolis Honeywell Regulator Co., Minneapolis, Minn.

### Public Utilities

Chairman—RAY E. BACHUS, Cincinnati Gas & Electric Co., Cincinnati, Ohio.  
Chairman, Planning Committee—E. R. JOHNSTON, West Penn Power Co., Pittsburgh, Pa.

Vice Chairman, Planning Committee—M. E. EDELL, Consolidated Edison Company of New York, N.Y.; C. W. KROENER, Southern Indiana Gas & Electric Co., Evansville, Ind.

District Representatives—East: JOHN R. HEERY, United Illuminating Co., New Haven, Conn.; Central: L. J. HAMILTON, Consumers Power Co., Jackson, Mich.; South: E. C. PAXTON, Dallas Power & Light Co., Dallas, Texas; Northwest: R. W. PETERSON, Puget Sound Power & Light Co., Seattle, Wash.; Southwest: JOHN W. MOTT, Arizona Public Service Co., Phoenix, Ariz.; Canadian: J. P. DAVEY, Hydro Quebec, Montreal, Que.

### Textile

Chairman—J. C. OSBORNE, Trust Company of Georgia, Atlanta, Ga.  
Vice Chairman—MILTON OSER, Canadian Factors Corp., Ltd., Montreal, Que.

Committee Members—H. B. GILMOUR, Dominion Textile Co., Ltd., Montreal, Que.; MISS FLORENCE E. JESANKER, North American Lace Co., Philadelphia, Pa.;

J. L. KAISER, Dan River Mills, Inc., New York, N.Y.; FRED KIEL, Owens Corning Fiber Glass Corp., Toledo, Ohio; GEORGE J. SCHATZ, Commercial Factors Corp., New York, N.Y.

### Wearing Apparel and Footwear

Chairman—R. B. COHEN, Art Knitting Mills, Montreal, Que.  
Vice Chairman—A. BOURBEAU, Gotham Hosiery Company of Canada, Ltd., St. Hyacinthe, Canada.  
Committee Members—PRESTON DUFFEE, A-1 Manufacturing Co., Los Angeles, Calif.; WILLARD THOMAS, Campus Sweater & Sportswear Co., Cleveland, Ohio; Y. T. THORNHILL, Craddock-Terry Shoe Co., Lynchburg, Va.; ALAN L. WEHRHEIM, Michaels Stern & Co., Rochester, N.Y.

### Daniel D. Lovelace Dies

Death of Daniel D. Lovelace in his 80th year ended the career of one of the best known credit men in Connecticut. Credit manager of the Frank H. Lee Company, of Danbury, for more than 20 years, he was attending to company duties two weeks before his death. Mr. Lovelace was active in the building of high standards for the profession, as a director of the Bridgeport Association of Credit Men. Poetry was his hobby and several of his works were published.

Customer: I heard my son has owed you for a suit for five years.

Tailor: Yes, sir. Have you called to settle the account?

Customer: No, I'd like a suit myself on the same terms.

THE NEEDLER

## Foundation Workshop to Discuss Credit Policy and Effectiveness

Discussion of the development and implementation of credit policy and measurement of credit department effectiveness will occupy both forenoon and afternoon workshop sessions on the opening day of the two-day annual meeting of the Credit Research Foundation in Cleveland, March 27 and 28, at the Hotel Statler.

With topical outlines and case situations of typical problems, the credit and financial executives will be divided into small seminar groups under workshop leaders, with each conferee expected to participate in the deliberations. Composite findings will be reported to the assembly Saturday forenoon after the Foundation's business session. Workshop registration is limited to 75; the general meeting will be open to all Foundation members.

## It's 100 Cents on the Dollar Through Adjustment Bureau

When Frank A. Stead died in 1950 he left four copartnerships, one business which he was operating as an individual, and a corporation. The businesses carried on for six weeks but incurred considerable indebtedness. Then the widow and Al. J. Moran, a close friend of the family, and now controller of the General Lumber & Supply Co., principal concern, called in the Adjustment Bureau of the Wholesalers Credit Association of Oakland. A committee of five was elected.

"We assisted creditors in filing their proofs with the clerk of the superior court," writes Kenneth C. Bugbee, association secretary-manager, "worked very closely with Mr. Stead's accountant, recommended certain changes in management, and over a period of two and one-half years supervised a successful program whereby all interim creditors have now been paid 100 cents on the dollar, also all creditors of the estate."

Controller Moran to Mr. Bugbee: "We are on a strong financial basis, our personnel is happily employed, we provide a worthwhile service for our community, and an estate has been saved for a widow and two small children."

On the creditors committee: Henry Bailey, Gosslin-Harding Lumber Co.; H. B. Hopkins, International Harvester Co.; Gordon Whipple, Pabco Products, Inc.; Howard Sanders, Sanders Glass Company, and A. M. Charter, Wholesale Building Supply, Inc.

## As Secretary-Treasurers Meet



**SECRETARY-TREASURERS MEET**, when Mrs. Lucy Killmer (left), secretary-treasurer, Guarantee Specialty Manufacturing Company and Wright Sales Company, Inc., of Cleveland, and Miss Annie Porter, secretary-treasurer and a director of the Santa Fe Builders Supply Corporation, get together at the meeting of the N.A.C.M. board of directors in the New Mexico business center.

## Never the Twain Shall Meet? Kipling Was a Great Poet, But—

Rudyard Kipling was wrong on several counts. East met West on common ground of striking parallels in both company and association activities, when the first woman director of the National Association of Credit Men and the latest woman electee to the board exchanged notes at the board's gathering in Santa Fe.

Mrs. Lucy G. Killmer and Miss Annie Porter are both secretary-treasurers of their companies, and both have been active in the National Credit Women's Executive Committee.

Miss Porter, secretary-treasurer and a director of the Santa Fe Builders Supply Company, studied in business college and extension and correspondence courses in office procedure and accounting.

After service in the county treasurer's office in Estancia, Torrance County, New Mexico, and the bank there, Miss Porter went to Santa Fe as bookkeeper with the state highway department, was appointed assistant traveling auditor, then chief clerk in the state auditor's office (the first woman to hold these positions). In 1923 she became associated with the Santa Fe Builders Supply Company, was elected a director and secretary of the corporation in 1926 and treasurer 10 years later.

A charter member and president of both the Santa Fe Business and

Professional Women's Club and the Santa Fe Altrusa Club, Miss Porter's civic-mindedness also was evidenced by adoption of an Italian war orphan.

Mrs. Killmer is secretary-treasurer of the Guarantee Specialty Manufacturing Company and the Wright Sales Company, Inc., of Cleveland.

She has been a member of the Cleveland Association of Credit Men since 1932. She served as chairman of the National Credit Women's Executive Committee and is a past president of the Credit Women's Club of Cleveland.

Named to the board of directors of the National Association of Credit Men at the Houston Congress in 1952, Mrs. Killmer represents 17 associations in the seventh district, which includes Ohio, parts of Kentucky, Virginia and Tennessee.

## Carl B. Park Dead

Secretary-Treasurer Carl B. Park of the Foster Thornburg Hardware Company died unexpectedly at Huntington, W. Va. Mr. Park was a past president of the Tri-State Association of Credit Men and a director of the Tri-State Interchange and Adjustment Bureau.

*People like honesty—but  
not too much frankness.*

—Anonymous



## Salesman's Own Judgment Found Best Guide to Policy in Collecting Accounts

Salesmen, briefed by the credit department with copies of collection letters following the first reminder notices, "should use their own judgment as to whether to bring up the subject with the customer," H. H. Niebuer of The Jos. Lazarus Company told the Credit Club of the Cincinnati Association of Credit Men, after reviewing in detail the CREDIT AND FINANCIAL MANAGEMENT debate-in-print (March, 1952).

"I believe you will find that the customer generally will bring up the matter with the salesman, who then can give the credit department an assist by selling the overdue account on the advantages of getting straightened out with the house," Mr. Niebuer said.

"In involved cases, the credit manager should carry the ball him-

self, even if it entails a personal visit. Because of his experience he knows better than anyone the steps necessary to try to save a financially embarrassed customer."

Credit salesmen as well as collectors, Mr. Niebuer calls the members of his profession. "When we ask the account for a financial statement or other pertinent information, we are selling him the idea that by providing it he is helping us to serve him well with our product.

"Surely our credit correspondence is salesmanship. We always try to sell the goodwill of our firm, and many times we are enabled to sell our products by suggestion.

"Take an ordinary adjustment. If it is allowed, you sell the customer that your firm is always ready to rectify any misunderstanding. If the

adjustment must be declined, you are doing your level best to sell the customer that you know he is always fair and that when he reviews the entire situation he will agree he has no cause for complaint. Sometimes you get the idea across, other times not, but it still is salesmanship."

### Tax Deduction for Earnings Asked As Business Incentive

Proposing that taxpayers be given a tax rate deduction as a business incentive if their annual earnings exceed their moving average earnings of their last four years, Mr. J. H. Landman, tax attorney and professor of tax law of the New York Law School, told the Connecticut Association of Public Accountants that "our federal tax structure is destroying our incentives to do business, and with it our life economy is being put in jeopardy.

"We are already in the simultaneous throes of national deflation and inflation," Mr. Landman declared. "The steel and other defense industries are still prospering, while the textile and leather industries are undergoing a recession . . . Businessmen in the currently depressed industries attribute their plight to overproduction, underconsumption, or specifically the dearth of defense orders.

"We do not want a war or an accelerated defense program, with all its waste of lives, time and wealth, to perpetuate our prosperity."



NATIONAL SPEAKERS at the Southeastern Credit Conference at Knoxville included Henry H. Heimann (left), executive vice president of the N.A.C.M., and President Victor C. Eggerding, general credit manager, Gaylord Container Corporation, St. Louis. Gracing the picture is Mrs. Eggerding.

## CALENDAR OF EVENTS IMPORTANT TO CREDIT

### RICHMOND, VIRGINIA

March 2-3

N.A.C.M. Secretary - Managers (Eastern Division) Conference

### PORTLAND, OREGON

March 18-20

Pacific Northwest Credit Conference, covering Oregon, Washington and Idaho

### CLEVELAND, OHIO

March 27-28

Credit Research Foundation Annual Meeting and Workshop

### MONTREAL, QUE., CANADA

May 14-16

National Conference of Local Association Secretary-Managers

### MONTREAL, QUE., CANADA

May 17-21

57th Annual Credit Congress and Second International Convention. National Association of Credit Men and The Canadian Credit Men's Trust Association, Ltd.

### STANFORD UNIVERSITY

Palo Alto, California

July 5-18

Session of Graduate School of Credit and Financial Management

### DARTMOUTH COLLEGE

Hanover, New Hampshire

August 2-15

Session of Graduate School of Credit and Financial Management

### WINNIPEG, MAN., CANADA

September 18-19

Annual North Central Credit Conference covering Minnesota, North and South Dakota, in cooperation with the Canadian Credit Men's Trust Assn., Ltd.

### NEW ORLEANS, LOUISIANA

October 14-15-16

All-South Credit Conference

### BALTIMORE, MARYLAND

October 22-24

Tri-State Credit Conference, comprising New Jersey, New York, Eastern Pennsylvania, District of Columbia, Maryland and Virginia

### NEW YORK, NEW YORK

November 2, 3, 4

American Petroleum Credit Association Conference



# MANAGEMENT IN THE NEWS

## **Treasurer-Credit Executive Honored by Office Managers**

When Franklin G. Emrick, treasurer and credit manager of Range Oil Supply Company and Liquid Storage, Inc., of Minneapolis, was selected for election to the presidency of the Office Managers Association of Minneapolis, the association honored an advocate of personnel training as a part solution to problems of production and finance. Mr. Emrick also recently was named chairman of the Twin City Personnel Managers Association.

Graduate in accounting and in banking and finance from the University of Illinois, Mr. Emrick is a past president of the Minneapolis Association of Credit Men, currently a director, and in community interests is past president of the Parents-Teachers Association, past chairman of the local Y.M.C.A. committee of management, and active in the Citizen's League of Greater Minneapolis.

## **Returns from War to a New Company As Credit Manager**

A business career which began with the International Harvester Company was interrupted for Wayne W. Meyers when World War II put him to work for the Armed Forces for three and a half years. When the Meyers-Taube Company came into existence in Fargo, North Dakota, 4½ years ago, Mr. Meyers became a member of the staff as credit and office manager. At the same time he joined the Fargo-Moorhead Association of Credit Men, of which he now is president.



F. G. EMRICK



A. L. OLSEN

## **This Credit Manager Began In Company's Sales Division**

When Phil Wise ended army service in 1918, he joined Armour & Company in the San Antonio office. He later was transferred to the Houston office, then Lake Charles, La., and later to Alexandria, La., where he joined the sales department. After a brief interval with Morris & Company of Austin, Mr. Wise rejoined Armour at Fort Worth in the district sales department. He now occupies the position of office and credit manager for Armour in San Antonio. He holds the presidency of the Southwest Texas Wholesale Credit Men's Association, Inc., at San Antonio.

**The shoemaker was explaining to a complaining customer the reason for the poor quality of his soles. "All the good leather," he said, "is going into steaks."**

—The Locomotive

## **East Becomes West After His War Service in the Air Force**

Eight years after he entered the Virginia Dare Extract Company of New York, Robert Brierly joined the Air Force and served for three-and-a-half years. Returning, he successfully made the transition from the east to the west, and became connected with the Southwestern Public Service of Amarillo, Texas. A year there and Mr. Brierly joined the Phillips Petroleum Company as assistant division credit manager. Four years later, in 1949, he went to the Shamrock Oil and Gas Corporation of Amarillo in the capacity of assistant manager of credit sales. Mr. Brierly also teaches the national credit course at West Texas State College. He was elected president of the Wholesalers Manufacturers Association of Amarillo.



PHIL WISE



W. M. MEYERS

**Poverty is a state of mind, often induced by a neighbor's new car.**

—Anonymous

## **Into Banking As Bookkeeper, Now He Is Assistant Cashier**

It might well be said that A. L. Olsen has grown up in the banking business. Joining the Bellingham (Washington) National Bank in 1916 as a bookkeeper, in 1918 he was transferred to the First National Bank. In 1939, when the Seattle-First National Bank acquired the First National Bank, Mr. Olsen continued as assistant cashier and assistant manager, his present position. He is very much interested in civic affairs; has been treasurer of the local Red Cross chapter for four years, treasurer of the local Boy Scout group six years, a member of the Council Cabinet for the Community Chest. Mr. Olsen joined the Bellingham Credit Men's Association six years ago, and recently was elected president.

## **Army Service Launched Him Upon a Career of Accounting**

Four years with the U.S. Army Quartermaster and the Engineers Corps, 1941 to 1945, gave Russell Graham an opportunity to become interested in accounting, and later to take an extended correspondence course. Prior to that he had been associated with Hookless Fastener Company, on stock records and control. In 1946 he joined the Uniflow Mfg. Company and was appointed credit manager in 1948. Mr. Graham also serves as secretary-treasurer of Corry Bog, Inc., a corporation for the removal, processing and distributing of peat humus. He is the president of the Credit Managers Association of Erie.



R. W. GRAHAM



ROBERT BRIERLY

**Resolutions—Things that go in one year and out the other.**

—Anonymous

# CREDIT AND FINANCIAL REPORTER

## □ Brief Items on Credit Activities and Meetings □

ATLANTA, GA.—Two interesting meetings are reported by the Georgia Association of Credit Men. J. Lon Dickworth, general attorney, Life Insurance Company of Georgia, spoke on "Business Life and Co-partnership Insurance," at the first session, and Edgar J. Forio, vice president, The Coca-Cola Company, addressed the second meeting on "Economic Trends."

BALTIMORE, MD.—Leif Eid, NBC commentator, Washington, D. C., gave "A Newsman's Analysis" of the political situation at the monthly dinner meeting of the Baltimore Association of Credit Men.

SOUTH BEND, IND.—A panel on "Credit Problems" was presented by the business and financial group of the credit association with J. Ray Storey, South Bend Electric Company, representing the wholesalers; D. C. Johnson, National Bank & Trust Company, speaking for the banking institutions, and E. V. Kidd, Studebaker Corporation, representing the manufacturers. W. J. Wissel, secretary of the association, acted as moderator.

CHATTANOOGA, TENN.—The membership meeting of the credit management association was a special tribute to Paul J. Viall, treasurer, Chattanooga Medicine Company, and vice president, central division, N.A.C.M. Among the several speakers were: W. T. Hutson, Gilman Paint & Varnish Company; C. Callaway, Jr., treasurer, Crystal Springs Bleachery; and Paul J. Miller, president, The Marlborough Company, Atlanta. Henry H. Heimann, executive vice president, N.A.C.M., New York, concluded the meeting as guest speaker. His subject was "Credit Management in Today's Business."

WAUSAU, WIS.—W. H. Burhop, president, Employers Mutual Liability Insurance Company of Wisconsin, and immediate past president of the Wisconsin State Chamber of Commerce, addressed the members of the Northern Wisconsin-Michigan Association of Credit Men, presenting case stories of unusual claims and adjustments his company has experienced in insurance. His address was followed by an evening of entertainment and fellowship.

BURLINGTON, IOWA—Elmer Jones, attorney and tax consultant, spoke on "Analysis of Balance Sheets" before the Eastern Iowa credit executives.

HARTFORD, CONN.—Nicholas E. Peterson, vice president, The First National Bank of Boston, spoke on "The Road Ahead." The meeting was designated as Annual Banker's Night, and all banking executives of Hartford were invited.

OKLAHOMA CITY, OKLA.—Paul Hohisel, advertising and publicity manager, Oklahoma Gas & Electric Company, addressed the Oklahoma Wholesale Credit Men's Association.

CINCINNATI, OHIO—Lt. Arthur Mehring, Highway Safety Bureau, addressed the Credit Club luncheon in "A Day in Court." Wm. Behrens, Randall Company, was chairman.

CHICAGO, ILL.—The monthly membership forum presented Oliver P. Vickery, San Francisco business executive, just recently returned from a visit to Russia, who spoke on "My Moscow Invasion."

WESTERN MASSACHUSETTS—At the membership meeting held in Holyoke, Robert W. Clark of the Federal Bureau of Investigation spoke on "The Work of the F.B.I."



AMONG THE LEADERS of women in credit: (seated, l to r) Lillian R. Lawhon, president of the Detroit Women's Group; Mrs. Lucy Killmer, Cleveland, on the N.A.C.M. board of directors; Rosa Basler, Cincinnati, chairman of the national credit women's executive committee; (standing) Ione Gardner, Detroit; Gertrude Reynolds, Pittsburgh; Antoinette Schweitzer, Louisville, and Edna M. King of Youngstown, chairman of the credit women's conference committee. The occasion was the Ohio Valley Regional Credit Conference.

MILWAUKEE, WIS.—"Narcotics and Its Evils," and other information on the work of the vice squad division of the Milwaukee Police Department, presented by Charles Gumm, acting chief of detectives, featured a meeting of the Milwaukee Association of Credit Men.

LINCOLN, NEBR.—The Lincoln Association of Credit Men presented a panel discussion on "Business Failures—Causes and Indications," at a membership meeting. The panel members were: Kai Anderson, Fairmont Foods; Chester Ruwe, Cole and Company; and Dean Earl Fullbrook, commerce department, University of Nebraska. L. W. Cornwell, Dun & Bradstreet, Inc., was moderator. The panel was followed by a talk by Herbert A. Ronin, judge, Lancaster county, on "Your County Court."

KALAMAZOO, MICH.—J. Emmett Redmond presented a Christopher film on "Government Is Your Business" to the membership meeting of the Credit Association of Southwestern Michigan.

JOHNSTOWN, PA.—Henry H. Heimann, executive vice president, N.A.C.M., addressed the Johnstown chapter of the Credit Association of Western Pennsylvania on "Post Election Business."

NEW ORLEANS, LA.—"Purchasing Power Control" was the topic selected by Robert W. Elsasser, business counsellor, in an address before the membership meeting of the New Orleans Credit Men's Association.

PORTLAND, ORE.—Dr. Harry Newburn, president, University of Oregon, recently returned from a European tour under a Carnegie grant, reported his observations at the monthly membership meeting of the Portland Association of Credit Men.

SYRACUSE, N. Y.—Dean M. P. Catherwood of the New York State School of Industrial and Labor Relations at Cornell University was the guest speaker at the membership meeting of the Syracuse Association of Credit Men. His topic was "Education in Industrial and Labor Relations."